

CONSOLIDATED PLAN

**ANNUAL PERFORMANCE AND
EVALUATION REPORT
(CAPER)**

COMMONWEALTH OF VIRGINIA

**Federal Program Years 2000-2002
State Fiscal Years 2001-2003
Reporting Period July 1, 2002 to June 30, 2003**

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**Department of Housing and
Community Development**

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I. Consolidated Plan Narrative

A. Introduction

The mission of the Department of Housing and Community Development (DHCD) is to collaborate “with Virginia’s communities to fully develop their economic potential and create a healthy, safe and affordable living environment.” The four Community Planning and Development (CPD) Programs included within the Consolidated Plan are integral components of broader efforts by the State through DHCD and other agencies to support the development or revitalization of communities throughout the Commonwealth. During the 2002 federal program year (State FY 2003), and as outlined in the Consolidated Plan and 2002 Action Plan, Virginia pursued six priorities for allocating available housing resources and five priorities for allocating community development resources in support of housing and nonhousing activities. DHCD developed strategies for each priority area and implemented appropriate actions toward their achievement.

Housing priority areas include addressing the needs of renters, homeowners, homeless individuals and families, and persons with special housing requirements. Community development priorities stress assistance to locally identified areas of need addressing neighborhoods, housing resources, economic development opportunities, community facilities, and community service facilities. The Department’s strategies and actions offered direct assistance to citizens, localities, and other organizations. They also supported the State’s housing delivery system by addressing the current and future needs of housing providers, consumers, and communities.

In State FY 2003, the Department used a variety of innovative approaches to meet housing needs--especially those of low-income residents and citizens with special housing needs--in all parts of the Commonwealth. DHCD gave particular attention to coordinating housing resources, strengthening the organizational and service delivery capacity of housing providers, and increasing the coordination between housing and community development activities.

During the most recent reporting period, DHCD administered funds received from four Department of Housing and Urban Development (HUD) programs subject to the guidance of Virginia’s Consolidated Plan:

Program	2002 Funding
Community Development Block Grants (CDBG)	\$ 24,594,000
HOME Investment Partnerships (HOME)	\$ 13,489,000
Emergency Shelter Grants (ESG)	\$ 1,340,000
Housing for Persons with AIDS (HOPWA)	\$ 614,000

DHCD also administered other federal program funds including Appalachian Regional Commission (ARC) available for housing and community development purposes; Department of Energy (DOE) weatherization/energy assistance monies; and a share of Department of Health and Human Services (HHS) Low Income Home Energy Assistance Program (LIHEAP) funds made available to the Virginia Department of Social Services. State appropriations and the Virginia Housing Partnership Revolving Loan Fund provided an additional critical source of highly flexible funding to complement available federal resources. These state funds focused on the prevention of homelessness, the preservation and rehabilitation of existing owner and renter-occupied residential property, and on creating new opportunities for home ownership.

Virginia uses the Integrated Disbursement and Information System (IDIS) to perform drawdowns and enter program information for all CPD programs. This document combines elements of the reports required under the former Comprehensive Housing Affordability Strategy (CHAS) with additional narrative elements and tables intended for the Consolidated Plan Annual Performance Report (CAPER) supplementing reports generated through IDIS. Although HUD has not issued binding guidance to states comparable to that given entitlement grantees in the February 18, 1998 memorandum, this document reflects employs that guidance while respecting the distinctions between *state* versus *entitlement* administered programs subject to the Consolidated Plan. It documents the Department's efforts in State Fiscal Year 2003 (using federal Program Year 2002 funds) with respect to the major HUD-funded programs and other State, federal, and local housing and community development activities. IDIS-generated information (e.g., PR23, Program Year Summary of Accomplishments, etc.) now serves as one basis for this year's report.¹ Thus, the CAPER summarizes information that may also be presented in more detail in individual program reports prepared concurrently with this document as well as that made available through relevant IDIS generated reports.

B. Resources Available to the State

This section of the Annual Performance Report describes housing funds made available during state FY 2003. It compares the actual resources with estimated resources initially projected in the Commonwealth's Action Plan. Resources are identified by program and by the agency responsible for program administration. DHCD administers its HOME Investment Partnerships Program allocation by incorporating program funds within broader homeownership and rental housing activities. Wherever relevant the use of HOME funds is distinguished from State funds in the discussions that follow.

The figures for both funds made available and funds expended under the

¹ For example, data on disbursements, the median income of program beneficiaries, and racial/ethnic categories was taken directly from the PR23. Copies of the reports identified in the 1998 memorandum are available on request.

federal Low Income Housing Tax Credit (LIHTC) Program reflect only the annual tax credit allocation. To estimate the full impact of tax credit resources, multiply the annual figure by 10 (the tax credit provides resources to investors over a period of 10 years), and then multiply the resulting product by 7 (to reflect the costs of syndicating the tax credits; sponsors generally receive 65 to 75 cents to every dollar). These calculations show the total project equity that the annual tax credit allocations generate.

Department of Housing and Community Development

The Department of Housing and Community Development (DHCD) administered the following programs during the reporting period.

- The Department provided \$1,709,120 through the **Shelter Support Grant (SSG) Program**. Funds are distributed to homeless shelter facilities statewide through a system in which grant awards are determined in proportion to the number of beds that each eligible facility has available to serve the homeless. All homeless emergency shelters and transitional housing facilities are eligible, provided they have a valid certificate of occupancy and they agree to conform to program requirements. The State's General Fund provides the financial resources for this program.
- The Department provided \$1,278,64 to emergency shelters and transitional housing facilities through the **Federal Shelter Grant (FSG) Program**. Homeless facilities receiving Emergency Shelter Grant money from an entitlement community, however, are not eligible to participate in the per bed awards. The source of these funds is the federal Emergency Shelter Grant Program.
- The Department made \$310,000 in FY 2003 State general fund monies available under the **Child Services Coordinator Grant (CSCG)** program. This program provides grants to providers of emergency shelter for families with children for salary support for child services coordinators. These funds are allocated for full-time or part-time positions, according to the number of children sheltered during the previous year.
- The Department provided \$3,891,000 in State General Fund monies through its **Homeless Intervention Program (HIP)** for FY 2003. HIP provides temporary rental, mortgage, and security deposit assistance, plus housing counseling to households at-risk of becoming homeless. HIP funds are distributed to nonprofit agencies and governmental entities, including cities, towns, counties, and redevelopment and housing authorities through a competitive process.
- Also in state FY2003, DHCD committed \$375,000 in **HOME** funds to two **Supportive Housing Program** projects:

- ▶ The Waynesboro Redevelopment Housing Authority received a commitment of \$2100,000 for the construction of permanent housing for persons with disabilities located in Staunton, Virginia. The structure will contain six (6) one-bedroom apartments and a common area for the use of on-site services and staff.
- ▶ The Lynchburg Neighborhood Development Fund (LNDF) received a commitment for \$175,000 to assist in acquiring and rehabilitating two structures to be used for permanent housing for homeless persons with disabilities. Structure #1 will consist of six (6) one-bedroom apartments. Structure #2 will consist of two (2) two-bedroom apartments and two (2) one-bedroom apartments.
- **Check Off for Housing Program** receipts have been used to make repairs and improvements to emergency shelters and the homes of the elderly or people with disabilities.
- **The Derelict Structures Fund** provided a source of competitive funding to local governments seeking to upgrade communities through the acquisition, demolition, renovation, or repair of derelict property. Because of the state budgetary concerns, no additional funds were appropriated for this program for FY 2003.
- The Department provided \$3.17 million in Virginia Housing Partnership Fund and committed \$2.65 million in HOME Program support for the **Affordable Housing Production and Preservation Program** for FY 2003. The application period has been continuous since funding was combined for FY 2000 and 2001. This program provides loans for the development of multifamily rental housing projects serving low- and moderate-income tenants. These funds may be combined with conventional private funding, other available public resources, and the federal Low Income Housing Tax Credit (see below). The program redesign targets funding to fill gaps between project costs and other committed funds with a requirement to serve households at or below 60 % of area median income.
- The Department provided \$7.87 million in FY 2003 for the **Indoor Plumbing Rehabilitation (IPR) Program**, which assists low- and moderate-income homeowners whose houses lack complete indoor plumbing. The Program continues to require a minimum of 50% repayment by the qualified families. The recapture funds revolve locally to provide for additional revenue to resolve rehabilitation needs. The Program was allocated \$ 2,869,205 in State FY 2003 general fund monies and \$5 million in federal 2002 HOME funds.

The IPR Program improves substandard housing through general rehabilitation by installing indoor plumbing in units without complete indoor plumbing (or where existing water supply or waste disposal systems are failing). Completed houses must comply with DHCD's Field Guide for Section 8 Housing Quality Standards (HQS). Local organizations apply to become sub recipients

under the program. Once local governments certify them, they receive initial allocations and may apply for additional incentive funds for performance, home ownership, and matching funds. The initial funding allocation is by formula, with subsequent allocations made on a case-by-case basis by DHCD.

- In FY 2003, the Department made approximately \$5.17 million available through its home ownership programs. Funds came from two sources: \$3.17 million from the HOME program and \$2 million from the Partnership Fund. By the end of the reporting period, some \$2.1 of the HOME funding had been committed.
- The Department made \$352,725 in FY 2003 state general fund monies available under the **Emergency Home Repair Program**. The program provides grants of no more than \$2,500 per household for emergency repairs, accessibility improvements, and energy improvements that must be matched by local resources. These funds are allocated competitively to nonprofit and governmental organizations administering the program at the local level.
- In FY 2003 DHCD made \$38,614.30 in Tax Check-Off funds available under the Accessibility Rehabilitation Program, a component of the Emergency Home Repair Program. The program provides grants up to \$2,500 per household for accessibility modifications and minor rehabilitation for special populations. Funds are provided on a first come first served basis to participating EHRP local administrators.
- The Department made \$4,066,802 federal Department of Energy funds available in FY 2003 under the **Weatherization Assistance Program (WAP)**. The Department of Health and Human Services' **Low Income Home Energy Assistance Program (LIHEAP)** (\$6,070,477 in FY 2003) provided additional support. The program provides grants to low-income households for energy-related improvements. Approved local administrators provide program funds to the eligible households. Most administrators currently have waiting lists for weatherization services.
- The Department made \$9,287,691 in new awards, letters of intent, and multi-year funding available in FY 2003 for projects involving the rehabilitation, reconstruction or creation of 594 housing units under the **Community Development Block Grant Program** (\$5,237,915 from straight housing project awards and the balance from Comprehensive Community Development or other neighborhood improvement projects). These funds are allocated primarily to local governments administering housing rehabilitation programs in their communities. Funds are awarded competitively according to established criteria.
- The Department administered \$3,546,293 in Appalachian Regional Commission (ARC) Program Funds for area development projects, including \$775,693 for distressed counties in state FY 2003. Water and sewer projects accounted for \$2,321,871 of these awards. The State awarded an additional

\$179,200 in ARC Entrepreneurship Initiative funds FY 2003 and \$127,500 in ARC Telecommunications funds. Local economic development, public facility, housing, and community service projects in eligible areas of the Commonwealth received the balance of ARC funds.

- In the previous fiscal year, the Department had revised procedures for accessing CHDO Predevelopment Funds to support predevelopment costs associated with specific housing projects proposed by nonprofit housing providers identified as Community Housing Development Organizations (CHDO) under the HOME program. The Fund provides pre-site control, site control, and pre-construction assistance for certified CHDOs developing affordable housing projects. Under the revised procedures, CHDOs must document project readiness to qualify for Predevelopment Loan Funds.
- VHDA made \$264,000 available under the **Home Rehabilitation Loan Program** in FY 2003. This program provides below market rate loans for home rehabilitation to low-income homeowners. Loans are through the HUD Title I program. Loans are made directly to low-income borrowers on a first-come, first-served basis.
- In FY 2002, VHDA did not reserve additional state tax credits through the **Virginia Rent Reduction Tax Credit Program**. This program provides credits to landlords who reduce the rent on units made available to eligible special needs tenants. During CY 2003, participating landlords were eligible to claim tax credits totaling \$30,000 for rent reductions on 34 units for the 2003 tax year.
- In FY 2003, VHDA received \$300,000 in additional federal contract authority for Housing Choice Voucher subsidies to prevent tenant displacement in a multifamily project containing 15 units whose owner opted out of the Section 8 project-based program. VHDA also continued to administer federal contract authority received in prior fiscal years. Housing Choice Voucher subsidy programs provide rental assistance directly to tenants to close the gap between rents (levels are set by HUD) and 30% of a tenant's income. VHDA allocates Housing Choice Voucher subsidies to cities and counties across the State, contracting with local governments, community action agencies, local departments of social services, and other entities to provide local administration of the Housing Choice Voucher program. In FY 2003, VHDA administered Section 8 tenant-based subsidy programs in 62 jurisdictions.

The Virginia Housing Development Authority

(Program and Production Summary for State FY 2003)

The Virginia Housing Development Authority (VHDA) administered the following programs during State FY 2003 (July 1, 2002 through June 30, 2003).

VHDA Multifamily Loan Programs

VHDA made over \$283 million in funds available for mortgage loans to finance the construction, rehabilitation, acquisition, or preservation of 106 multifamily rental housing projects serving 8,741 low and moderate-income households. Loans for 78 projects were closed with \$282 million in VHDA funding for affordable rental projects containing 7,389 units. This multifamily assistance was provided through the following programs.

Multifamily Bond Programs: VHDA closed loans for 53 projects with \$109 million in taxable bond proceeds and \$154 million in tax-exempt bond proceeds for the development or preservation of affordable multifamily projects containing 6,695 units.

- *Bond-Funded Loans Using Tax Credits:* Nearly 89% of the multifamily project bond funds were utilized to close mortgage loans for affordable multifamily rental housing projects using federal Low-Income Housing Tax Credits (LIHTC). VHDA awarded these funds on a first-come, first-served basis to individual nonprofit and for-profit applicants. Applicants had to meet established underwriting criteria. VHDA made loan commitments to 31 projects providing 3,559 rental units. Sponsors included for-profit and nonprofit organizations. VHDA closed loans for 30 projects with \$78.7 million in taxable bond proceeds and \$153.7 million in tax-exempt bond proceeds for LIHTC projects containing 4,686 units.
- *Other Bond-Funded Loans:* The balance of the multifamily bond funds were made available for affordable, multifamily rental housing through the Multifamily Loan Program. This program provides below market, long-term, fixed-rate construction or permanent financing to sponsors of multifamily rental housing affordable to low- and moderate-income people. The program primarily supports the development or rehabilitation of larger rental projects (defined as 100 or more units). VHDA awarded these funds on a first-come, first-served basis to individual nonprofit and for-profit applicants applying directly to the Authority. Applicants had to meet established underwriting criteria. VHDA made loan commitments to 25 projects providing 4,023 rental units. VHDA closed loans for 23 projects with \$30.5 million in taxable bond proceeds for non-LIHTC projects containing 2,009 units.

Multifamily Virginia Housing Fund Loans: VHDA made available nearly \$41 million in Virginia Housing Fund monies to fund low-interest mortgage loans for more than 50 multifamily rental housing projects containing over 1,159 units serving low-income and special need populations. Funds were available on a first-come, first-served basis. During FY 2003, loans for 25 multifamily projects containing 694 units were closed using \$19.5 million in Virginia Housing Fund monies.

VHDA Single Family Loan Programs

VHDA made available \$575 million in funds for single-family mortgage loans. A total of 4,117 single-family loans were closed using \$471 million in mortgage funds. The following programs provided this single-family assistance:

Single Family First-Come, First-Served Bond Programs: VHDA made a total of \$505 million in tax-exempt and taxable bond funds available to finance home purchase loans for 3,700 low and moderate income first-time home buyers under VHDA's first-come, first-served bond program. Funds are awarded to individual homebuyers applying through private banks and mortgage companies. Buyers must meet established VHDA and other program underwriting criteria. The loan types available through this program are FHA, VA, Rural Development, and Conventional, insured and uninsured.

Single Family Allocations of Low-Interest Home Purchase Loan Funds: In FY 2003, VHDA made available \$70 million in new or continuing allocations of low interest funds to support home purchase loans through the following special home ownership initiatives. A total of 417 loans were closed using \$34 million in mortgage funds.

- ***Regional Loan Fund:*** VHDA made available \$14 million in special low interest tax-exempt bond proceeds to support Round VII of the Commonwealth's Regional Loan Fund program. The low rate on these mortgages was made possible by \$14 million in 4.5 percent monies pledged from the Virginia Housing Fund and \$2 million in 3 percent monies from the Virginia Housing Partnership Revolving Loan Fund administered by DHCD. These funds were allocated to 15 private/public regional home ownership partnerships throughout Virginia to support home ownership programs targeting underserved, low-income households. The Regional Loan Fund program closed 203 loans totaling \$15.5 million during FY 2003 using new and prior-year allocations of funds.

Home Rehabilitation Loans: VHDA made available in authority reserve monies to fund the Home Rehabilitation Loan Program. In FY2003, 20 loans were closed utilizing \$264,000 of these funds. This program provides below market rate loans for home rehabilitation to low-income homeowners. Loans are insured through the HUD Title I program. Loans are made directly to low-income borrowers on a first-come, first-served basis.

Sponsoring Partnerships And Revitalizing Communities Program (SPARC): VHDA made available \$45 million in tax-exempt bond money and \$10 million in Virginia Housing Fund money to sponsors of this program. This program offers an interest rate below VHDA's tax-exempt bond rate and is used to reach the very low-income households. The loan types available through this program are

FHA, VA, Rural Development, and Conventional, private mortgage insured. The SPARC program closed 194 loans totaling \$18 million in blended funds.

LOW INCOME HOUSING TAX CREDITS

Allocation of Tax Credits

Most Low Income Housing Tax Credits (LIHTC) are allocated in a single annual competitive cycle. For calendar year 2003, \$15.9 million of credits were available; this represented \$1.75 of credits per capita plus returned credits from previous years' allocations and credits received from the national bonus pool (\$217,105). Project developers submitted applications that were ranked according to scoring criteria outlined in the Qualified Allocation Plan (QAP). Requests have recently exceeded the available credits by a ratio of two to one. Virginia's QAP gives preference to projects with the following characteristics. They must serve lower income households, provide long-term rental housing or conversion to homeownership at the end of the minimum compliance period, use the tax credits and other scarce resources efficiently, and document local support. Fifteen percent of the credits are set aside for projects sponsored by qualified nonprofit organizations and fifteen percent are set aside for projects sponsored by local housing authorities.

Projects financed with tax-exempt bonds qualify for tax credits separately and do not need to compete for credits under VHDA's Qualified Allocation Plan discussed above. In both cases, VHDA evaluates the projects and limits the credit award to that amount necessary for financial feasibility.

Production for Fiscal Year FY 2003:

During the CY 2003 competitive cycle (CY 2003 credits reserved in July 2003), 62 applications were received requesting \$20.6 million in tax credits. VHDA reserved \$18.4 million to 53 projects. These projects provided 1,689 newly constructed units and 2,032 rehabilitated units. In addition, 19 other projects using tax-exempt bond financing received tax credits. These developments provided 1,065 newly constructed and 1,338 rehabilitated units.

The unit mix for the projects receiving allocations of tax credits included 35 percent efficiency and one-bedroom units, 47 percent two-bedroom units, and 18 percent units with three or more bedrooms. Virtually all units were restricted to occupancy by households at 60% or below the Area Median Gross Income (AMGI), 71.1 percent were further restricted to those earning less than 50% of the AMGI and 5.2 percent were further restricted to those earning less than 40% of the AMGI. More than 36 percent of the units will restrict occupancy to elderly residents. HUD identified Qualified Census Tracts will contain 40.2 percent of the units. Some projects combine the tax credits with other federal resources including: Project-Based Section 8 Certificates (36 percent of units), historic tax credits (7.1 percent of units), RHS Section 515 funds (5.8 percent of units), and

HOME funds (8.4 percent of units).

**Federal Program Year 2002/State FY 2003 Housing Resources Summary:
Source, Administering Agency, and Actual versus Anticipated Funding**

Administering Agency	Program Name and Fund Source	Anticipated FY 2003 Funding	Available FY 2003 Funding
Federal Funds			
DHCD	HOME	\$13,289,000	\$13,289,000
DHCD	Emergency Shelter Grants (ESG)	\$1,328,000	\$1,328,000
DHCD	Department of Energy Weatherization Assistance	\$2,700,000	\$4,066,802
DHCD	HOPWA	\$555,000	\$555,000
DSS/DHCD	HHS Low Income Energy Assistance (Weatherization)	\$4,000,000	\$6,070,477
DHCD	Lead-Based Paint Hazard Reduction*	\$0	\$716,446
DSS/DHCD	TANF Homeless Families Program Support	\$5,500,000	\$4,250,000
DHCD	Community Development Block Grants (CDBG)*	\$24,550,000	\$24,550,000
DHCD	CDBG Returned Grant funds and Program Income	\$807,445	\$2,298,459
VHDA	Low-Income Housing Tax Credits (LIHTC)	\$8,500,000	\$8,500,000
DHCD	Appalachian Regional Commission (ARC)	\$3,452,000	\$3,546,293
	Subtotal	\$64,681,445	\$69,170,477
State Funds			
DHCD	Virginia Housing Partnership Revolving Loan Fund	\$5,500,000	\$5,500,000
DHCD	Homeless Intervention Program	\$4,191,000	\$4,191,000
DHCD	Shelter Support Grant Program	\$1,709,120	\$1,709,120
DHCD	Shelter Expansion Program	\$750,000	\$0
DHCD	Indoor Plumbing Rehabilitation	\$3,030,000	\$2,869,205
DHCD	Emergency Home Repair	\$500,000	\$352,725
DHCD	Derelict Structures Fund	\$1,150,000	\$0
DHCD	Child Services Coordinator Grant Program	\$360,000	\$310,000
DHCD	Seed Money	\$0	\$0
	Subtotal	\$17,340,120	\$14,932,050
	Total Funds	\$82,021,565	\$85,553,730

* Lead Hazard Reduction Grant to the City of Petersburg administered by DHCD

** Includes funds available for eligible housing and nonhousing activities.

C. Investment of Available Resources

This section discusses the State's use of available resources described in the preceding section to address the housing priorities identified in the 2001 Action Plan. The report identifies activities undertaken, programs used, the funds invested (if any), distribution methods, and their status. Additional material discusses leveraging and matching issues.

Housing priorities identified in the 2001 Action Plan included the following:

PRIORITY: Support home ownership housing opportunities for low- and very low-income people by expanding first-time buyer opportunities, preserving the existing stock, and increasing economic self-sufficiency.

- *Strategy A: Provide flexible and continuous funding to preserve and improve existing homeowner units.*

Indoor Plumbing Rehabilitation: In FY 2003 the Department used a combination of HOME and State funds through the Indoor Plumbing Rehabilitation (IPR) Loan Program to improve 230 substandard housing units through general rehabilitation and by installing indoor plumbing in housing units without complete plumbing facilities or where existing water delivery or waste disposal systems are inadequate or failing.

VHDA Home Rehabilitation Loan Program: Provides below market rate loans to low-income homeowners, on a first-come, first-served basis, for home rehabilitation. In FY 2002 VHDA reserved \$260,000 to fund 23 loans. The HUD Title I Program insures the loans.

- *Strategy B: Provide flexible and continuous funding for first-time home ownership programs.*

Activities:

Assist lower-income first-time homebuyers through below-market-rate loans;
Provide assistance for gap financing and down payment assistance through deferred loans;
Provide funding for and require home ownership education; and
Provide technical assistance for capacity building efforts at local and regional levels.

Programs:

Single Family Regional Loan Fund
VHDA First-Come, First-Served Home Purchase Loan Programs

Funds Invested:

Regional Loan Fund Program: During FY 2003 DHCD and VHDA allocated the following funding statewide for Round VII of the Regional Loan Fund: \$14 million in Virginia Housing Fund financing, \$2 million in VHPF monies. During FY 2003, 203 VHDA first mortgage loans were closed totaling \$15.5 million.

VHDA First-Come, First-Served Home Purchase Loan Programs: In FY 2003 VHDA provided \$505 million in tax-exempt and taxable bond funds to finance home purchase loans for 3,700 low- and moderate-income first-time homebuyers under VHDA's first-come, first-served programs. Funds are awarded to individual homebuyers applying through private banks and mortgage companies. Buyers must meet established VHDA and other underwriting criteria. The loan types in this program are FHA, VA, Rural Development, and Conventional, insured and uninsured.

- *Strategy C: Promote and implement housing quality measures as part of affordable housing programs, focusing on those associated with energy conservation, safety (including lead-based paint and indoor air quality), and indoor plumbing.*

DHCD has integrated Weatherization Assistance Program energy standards into the Indoor Plumbing Rehabilitation Loan Program and the Community Development Block Grant Program, implemented the federal Lead-Based Paint Hazard Reduction Program within the State, and increased the number of heating system safety inspections through coordination with other programs.

- *Strategy D: Promote programs and policies for continued affordability.*

The Division of Building Regulation of the Department of Housing and Community Development has been participating in Virginia Housing Study Commission subcommittees examining issues related to minimizing the impact of regulations on the affordability and availability of housing, including manufactured units.

- *Strategy E: Support and coordinate activities with programs that provide an adequate infrastructure (roads, water/wastewater, and utilities).*

Small Cities Community Development Block Grant Program: Financial and planning resources available under the CDBG program were applied to meet the infrastructure needs of communities that were successful in competing for grant funds. In FY 2003, \$2.799 million was allocated to community infrastructure projects.

- *Strategy F: Promote home ownership education/counseling.*

VHDA Home Buyer Education Program: VHDA has developed a statewide comprehensive homebuyer education program, which is the first state program in the nation to be recognized by HUD as equivalent to HUD's "HELP" program. In FY 2003, approximately 5,000 potential first-time homebuyers were educated through VHDA's programs.

Regional Loan Fund: Organizations partnering with DHCD and VHDA in the operations of the Single Family Regional Loan Fund have incorporated various educational and counseling activities in helping lower-income households attain home ownership. DHCD and VHDA have initiated counseling requirements for all applicants to the Regional Loan Fund. Such requirements focus on making potential participants aware of existing opportunities for home ownership and on familiarizing them with the responsibilities associated with ownership.

PRIORITY: Expand rental housing opportunities for low- and very low-income people by increasing the stock of affordable, accessible, decent rental housing and economic self-sufficiency among tenants.

- *Strategy A: Develop, expand, and promote flexible sources of rental housing funding that support alternative construction and development methods, including rehabilitation and adaptive reuse.*

VHDA made nearly \$284 million in funds available for mortgage loans to finance the construction, rehabilitation, acquisition, or preservation of 79 multifamily rental housing projects serving 7,890 low and moderate-income households. VHDA closed on 107 loans with \$310million in VHDA funding for affordable rental projects containing 9,308 units. This multifamily assistance was provided through the following programs.

1. ***VHDA Multifamily Bond Programs:*** VHDA closed on 67 multifamily affordable housing projects containing 8,684 rental units made possible by the availability of \$165.6 million in taxable bond funds and \$122.5 million in tax-exempt bond funds for the development or preservation of affordable rental housing.
 2. ***VHDA Bond-Funded Loans Using Tax Credits:*** Nearly 66 percent of the multifamily project bond funds (a total of \$189 million, including \$66.8 million in taxable bond proceeds and \$122.5 million in tax exempt bond proceeds) were to fund permanent mortgage loans for affordable, multifamily rental housing projects using federal Low-Income Housing Tax Credits. VHDA awarded these funds on a first-come, first-served basis to individual nonprofit and for-profit applicants. Applicants had to meet established underwriting criteria. VHDA made 24 loan commitments providing 2,999 rental units. Sponsors included for-profit and nonprofit organizations. VHDA closed on 38 bond loans with \$66.8 million in taxable bond proceeds and \$122.5 million in tax-exempt bond proceeds for LIHTC projects containing 4,362 units.
 3. ***VHDA Multifamily Virginia Housing Fund Loans:*** VHDA provided \$18 million in Virginia Housing Fund monies to fund 28 low-interest mortgage loans for multifamily rental housing projects containing 629 units serving low-income and special need populations. Funds were available on a first-come, first-served basis. During FY 2002, loans for 40 multifamily projects containing 1,316 units were closed using \$21.9 in Virginia Housing Fund monies.
- *Strategy B: Design, coordinate, and implement housing programs that include support services to increase tenant self-sufficiency.*

The HOPWA program's tenant-based rental assistance component provides a monthly housing subsidy to low-income households living with HIV/AIDS. This component, operated similarly to the Section 8 program, stabilizes individuals and families through its emphasis on case management, crisis intervention, and other supportive services fostered by professional staff within AIDS service organizations.

- *Strategy C: Increase the interest of private developers and landlords in providing affordable housing and expand their capacity to deliver and manage such housing.*

The activities of the Office of Community Capacity Building--in particular the series of real estate finance courses offered over the past three fiscal years--continued to provide an important point of contact for prospective developers or managers of affordable rental housing.

- *Strategy D: Encourage development activities that improve the safety, quality, and affordability of rental housing stock.*

DHCD operated two distinct entities during the fiscal year that addressed issues relating to the quality and affordability of rental housing—the Office of Community Capacity Building (OCCB) and the Building Code Academy. In July 2002, DHCD merged the agency's Center on Rural Development and Community Housing Assistance Programs to create the OCCB. The new unit provided increased capacity and knowledge to best serve Virginia's communities by providing training and technical assistance to organizations that seek to improve conditions in their communities. The majority of OCCB client partners are non-profit organizations and local municipalities from Virginia's smaller, non-entitlement areas. The goal of OCCB is to increase the capacity of organizations that seek to utilize DHCD's community improvement programs. To achieve this goal, OCCB will offer the following resources primarily to the state's non-entitlement communities:

- **SEED Program:** Selected organizations will receive capacity building services including a comprehensive organizational assessment, one-year work plan, technical assistance, and potentially a core operating support grant of up to \$20,000.
- **The Training Center:** Provides comprehensive training such as organizational development, board development, financial planning and housing finance. Collaboration with other agencies or organizations will be encouraged to maximize resources and expertise as often as necessary.
- **Organizational Capacity Building Program:** Provides on-going capacity building services based on a work plan. Organizations develop a work plan with specific objectives and milestones with assistance from the OCCB staff, including the areas of staff and board development, financial management and strategic planning. This can either be a prerequisite for SEED funding or serve as a follow up to the SEED program depending on the organizational need.
- **Facilitation Services:** Organizations throughout the state can use OCCB's facilitation services. Community Based Organizations can receive facilitation services for specific strategic outcomes. Skilled OCCB staff members lead groups through organizational assessments,

organizational and board development, and other meetings and planning sessions.

- **Technical Assistance:** OCCB also develops strategic plans for on-going assistance, staff capacity building and project specific assistance. Additionally, training will be offered on housing development such as project development, finance, construction management, lease-up and asset management.
- **ARC Flex-E-Grant:** The Appalachian Region Commission (ARC) provides funding for the innovative small projects in the distressed counties of Lee, Wise, Buchanan, Dickenson, and Russell. OCCB will administer grants of up to \$10,000 for projects in those counties that are developed utilizing a strategic planning or community action planning process. The identified projects must emphasize an impact on the local economy and an increase in the economic vitality.
- **Communities For Opportunity Initiative:** This workplace literacy program, administered by OCCB, in conjunction with the Department of Education awards grants to organizations seeking to improve literacy skills for workplace upward mobility and for family literacy.
- **Virginia Resource Access System:** This is the only online searchable catalog of Virginia financial and technical assistance programs and services. The catalog includes both state funded and federally funded programs administered by the Commonwealth of Virginia.

The **Building Code Academy**, which stresses the uniform application of the provisions of the USBC, continued its training through 32 individual sessions attended by over 1125 participants focusing on accessibility, the review of residential plans under the CABO Code, and property maintenance issues under the USBC.

PRIORITY: Provide support and coordinate services to meet the needs of the homeless.

- *Strategy A: Promote and encourage homelessness prevention activities.*

PRODUCTION ACTIVITIES

Activities: Funded operating assistance for 109 providers of emergency shelters and transitional housing facilities in state FY 2003; provided rental and mortgage assistance and security deposits to 2176 households in FY 2003 to prevent homelessness or to help people who had recently become homeless; provided necessary repairs and accessibility improvements to scattered site housing, private homes, or emergency shelters in FY 2003; and maintained 9 permanent housing beds in independent living and congregate settings for mentally ill and developmentally disabled homeless people. Of the permanent housing beds, the grant for 5 expired in December 2002 and the grant for 4 beds expired October 2002.

Programs: SHARE Shelter Support Grant (SSG), SHARE Federal Shelter Grants (FSG), SHARE Homeless Intervention Program, Permanent Housing for the Handicapped Homeless Program, and Supportive Housing Program.

Funds Invested:

- *Strategy B: Continue the provision of safe and sanitary emergency shelter that meets basic needs and provides necessary supportive services.*

In FY 2003, \$375,000 in HOME funds were reserved for two projects competitively chosen by HUD during its federal fiscal year 2002 Supportive Housing Program funding round. The projects include one structure providing permanent housing for persons with disabilities containing six (6) one-bedroom apartments and a common area for the use of on-site services and staff, and the acquisition and rehabilitation of two structures to be used for permanent housing for homeless persons with disabilities containing a total of ten units.

State Shelter Support Grant Program: Awarded \$1,709,120 in FY 2003 to 104 project sponsors of emergency shelters and transitional housing facilities for operating assistance, supporting 4,974 beds serving the homeless.

Federal Shelter Grant Program: Awarded \$1,328,000 to 74 emergency shelters and transitional housing facilities for operating assistance supporting 2,468 beds.

- *Strategy C: Increase the availability of transitional housing facilities and services.*
- *Strategy D: Expand permanent housing opportunities, such as single-room occupancy dwellings, rental assistance, and rent with option to buy.*

SHARE Homeless Intervention Program: DHCD awarded \$4,191,000 to 29 providers in FY 2002. The FY 2001 awards benefited 2,302 households that received rental assistance and 274 households that received mortgage assistance. The FY 2002 awards benefited 7,301 people.

- *Strategy E: Encourage the coordination of services and programs for homeless people.*

The Virginia Interagency Action Council for the Homeless (VIACH) continued to hold regular meetings throughout FY 2002 to share information about homeless services and programs and to coordinate and advocate as needed. In FY 2002, VIACH instituted a focus on Continuum of Care planning and statewide coordination of various continuum groups throughout the state.

VIACH continues to act as a resource for state, federal, and local governmental agencies and nonprofit organizations and to promote interagency coordination and collaboration.

- *Strategy F: Create interagency partnerships for development of specific programs.*

DHCD continued to seek opportunities to establish and maintain partnerships with other state agencies whose resources or participation were critical to the successful operation of specific housing programs. Legislation enacted in 1998 formalized the division of available LIHEAP funds into weatherization and energy assistance components, with DHCD and DSS agreeing to assume administrative responsibility for respective aspects of the LIHEAP program. DHCD reports its activities to the Coal and Energy Commission, a permanent legislative body, on a regular basis. DHCD continues to work with the Department of Professional and Occupational Regulation, the Department of Health, and the Department of Labor and Industry to assure the successful integration of lead regulations in housing rehabilitation activities. DHCD also coordinated the use of childcare services linked to homelessness activities with the Department of Social Services, the primary licensing authority for childcare within the Commonwealth.

- *Strategy G: Develop an interagency network for compiling needs and services information.*

VIACH has continued to serve this purpose supplemented as needed by other ad hoc arrangements. For example, the VIACH Public Policy Committee is participating with the Virginia Housing Study Commission on a study related to rural homelessness expected to demonstrate the number, characteristics, and shelter and supportive services needs of homeless families and individuals in rural areas.

PRIORITY: Expand the housing available for populations who require some level of supportive services.

- *Strategy A: Strengthen the relationship between housing and supportive services for populations in need.*

Housing Opportunities for Persons with AIDS: The activities of the HOIPWA program are detailed in Section IV.

Supportive Housing Program: In FY 2003, \$375,000 in HOME funds were reserved for two projects competitively chosen by HUD during its federal fiscal year 2002 Supportive Housing Program funding round. The projects include one structure providing permanent housing for persons with disabilities containing six (6) one-bedroom apartments and a common area for the use of on-site services and staff, and the acquisition and rehabilitation of two structures to be used for permanent housing for homeless persons with disabilities containing a total of ten units.

Child Services Coordinator Grant Program: In FY 2003, \$360,000 was reserved for 59 (14 part-time and 45 full-time) child services coordinator

positions. The program provided services to 4,020 children over the course of the year. The program combined state and Temporary Assistance to Needy Families (TANF) funds.

- *Strategy B: Expand the stock of affordable housing accessible to and appropriate for populations who require supportive services.*

See Housing Opportunities for Persons with AIDS and Supportive Housing Program discussion elsewhere in this document.

- *Strategy C: Educate local elected officials, government leaders, and community leaders about supportive housing issues and encourage action at the local level.*

The Department continues to support local efforts to educate government and community leaders on housing needs and issues. Staff resources limit the Department to understanding general needs and issues but not those associated with specific communities or projects. The annual Housing Conference offers an opportunity for local officials, member of the development community, non-profit entities, design professionals, housing advocates, and other interested parties to learn more about this and other housing issues affecting Virginia localities.

PRIORITY: Increase the number of housing providers in under served areas of the state, and expand the capacity of all housing providers to deliver affordable, appropriate housing.

- *Strategy A: Increase the number of housing providers in under served areas.*

Seed Fund Program: The Virginia Department of Housing and Community Development implemented the Seed Fund Program to provide providing capacity building for nonprofit, tax-exempt organizations so that they can become more effective partners in providing safe, decent, and affordable housing; expanding economic opportunities; and creating a suitable living environment for communities across the Commonwealth. Capacity Building Grants are awarded competitively to 501 (c)(3) organizations (excluding CHDOs) currently operating in the Commonwealth. They assist in improving the capacity of these organizations to undertake community development initiatives especially for persons of low and moderate income in underserved areas of the Commonwealth. It offers both financial support and intensive technical assistance to strengthen and improve the operating performance of the organization through strategic investments in governance, finance, administrative systems, staffing, marketing, collaboration and partnering and information systems.

DHCD awarded five recipients \$30,000 each in Seed Funds during FY 2003.

Organization/Location	Mission or Purpose
H.I.G.H. Hopes CITY OF RICHMOND	Serving the Greater Richmond Area and incorporating the concept of Universal Design, High Hopes provides affordable wheelchair accessible housing for individuals with physical disabilities.
Buchanan Neighbors United TOWN OF GRUNDY	Serving Buchanan County, Buchanan Neighbors United seeks to improve substandard housing in the County.
Cumberland Housing and Community Development CUMBERLAND COUNTY	Cumberland Housing and Community Development Corporation serves Cumberland County through an affordable and quality life program for families.
Waynesboro Downtown Development, Inc. CITY OF WAYNESBORO	Waynesboro Downtown Development, Inc. seeks to create a Community Development Entity (CDE) to revitalize downtown Waynesboro.
Historic Boydton's Renaissance, Inc. TOWN OF BOYDTON	Historic Boydton's Renaissance, Inc. seeks to increase its capacity to further develop Downtown Boydton.

Predevelopment Loan Fund Program: The Predevelopment Loan Fund Program provided pre-site control, site control, and pre-construction assistance to certified Community Housing Development Organizations (CHDOs) that are developing affordable housing. Using federal HOME funds, DHCD committed \$12,000 to the predevelopment loan fund program in FY 2003.

- *Strategy B: Increase the leadership, organizing and administrative capacity of housing providers through training and administrative funding.*

CHDO Development Assistance Program: The CHDO Development Assistance continued implementation of parameters for program administration that *primarily* provided project-related personnel, administrative, and operational support to certified CHDOs acting as owners, developers, or sponsors to carry out State HOME-funded development projects. In addition, funds were made available to assist new CHDOs in acquiring the technical capacity to submit an application with twelve months of funding. The CHDO Development Assistance Program continued to offer year round funding that enabled CHDOs to apply whenever their projects reached the stage of development in which this specific type of assistance was required.

OCCB Training: As a successor to the Housing Training Center (HTC), which had developed and provided training and technical assistance for housing providers for over 10 years, the OCCB continues to combine funding with training, capacity building, and hands-on technical assistance. This combination has increased the productivity of participating housing organizations and has provided opportunities for communities to their energies on housing issues directly affecting everyday family life. During state FY 2003, OCCB conducted two training sessions related to housing development. The Housing Assistance Council, a national intermediary and HUD co-sponsored Financial Impact Training (April 2-3), which provided computer based skills in utilizing electronic accounting systems as well basic accounting principles. The Office also offered CHDO Training (June) for CHDOs certified by the state to provide an update on

the CHDO program as well as provide networking and learning experiences. Each session addressed the need for well-informed and knowledgeable organizational staff and board members who possess the skills necessary to effectively operate a nonprofit housing business and successfully bring projects from conception to fruition.

- *Strategy C: Coordinate housing information sharing to ensure that providers at regional and local levels are aware of relevant programs, policies, and resources.*

The Virginia Interagency Action Council for the Homeless (VIACH) continued to meet periodically throughout FY 2002 to share information about homeless services and programs and to increase coordination. DHCD staff served as Co-Chairperson for the organization during this period.

VIACH continues to act as a resource for its member agencies, and other agencies, and to promote interagency coordination in the development and distribution of survey requests and data collections. As noted in previous reports, 1997 legislation changed the status of VIACH, establishing it as a permanent body with statutorily enumerated responsibilities in determining the needs of the homeless and in coordinating services provided to the homeless. This legislation has not yet been funded.

- *Strategy D: Encourage private sector support (individuals, foundations, and corporations) for housing providers.*

Through its administration of the Single Family Regional Loan Fund, DHCD has involved private nonprofit organizations and such for profit entities as mortgage lenders, real estate professionals, and attorneys in increasing home ownership in Virginia.

- *Strategy E: Help nonprofit housing providers become more economically self-supporting while maintaining their mission as affordable housing providers.*

Seed Fund Program: Five organizations received \$30,000 each in Seed Funds FY 2003.

- *Strategy F: Evaluate housing provider progress toward defined goals to identify areas requiring special assistance.*

DHCD continued to track geographic areas of the Commonwealth whose participation in housing programs has lagged due to the absence or lack of capacity of potential partners with a local base. The application of Start-Up and Seed funds has helped fill in some of the gaps in the housing delivery network and increased the capacity of potential partners.

PRIORITY: Develop partnerships at the state, local, community, and regional levels, which facilitate coordinated use of resources and shared accountability.

- *Strategy A: Improve state agency cooperation and coordination.*

Regional Loan Fund: Over the past three years, VHDA committed over \$60 million in below-market financing for first-time homebuyers. During FY 2003, VHDA allocated \$14 million of this below-market-rate financing for first-time homebuyers to the *Regional Loan Fund*. Those funds were coordinated with \$2.5 million in additional HOME funds and \$2 million in additional VHPF funds allocated to the program by DHCD. The combination and coordination of these three funding sources magnified the availability of homeownership assistance for under-served groups of low-income, first time homebuyers. The Regional Loan Fund marries these resources in a program that is administered by private nonprofit partners with some participation from local governments and regional planning district commissions. Besides calling on the combined efforts of state and local governments and nonprofit organizations, the operations of the Fund depend on the active participation of such private entities as mortgage lenders, real estate professionals, and attorneys.

- *Strategy B: Expand and stabilize funding, and create flexible sources of funding through public/private debt and/or equity partnerships.*
- *Strategy C: Educate local elected officials, government leaders, and community leaders about affordable housing needs.*

DHCD again played a major role in coordinating the 2002 Virginia Housing Conference, which took place in September 2002. This event provides an opportunity for federal state, and local officials, representatives of nonprofit organizations, homebuilders, housing finance personnel, and others to gather and share information about housing needs, resources, and techniques. At the close of the fiscal year, DHCD was planning for the 2003 Virginia Housing Conference, scheduled for November 12-14, 2003 in Norfolk.

VHDA completed its annual update of the Housing Resource Directory during the year. The publication provides users with a single source of information on public, private, and nonprofit housing organizations agencies, and resources. Through its Web site, VHDA provides links to the varied public and private entities identified within the Directory.

DHCD and VHDA contributed to the resource directory developed by the Olmstead Task Force as one of the preliminary components of its review of the housing a needs and resources for Virginians with a variety of disabilities.

- *Strategy D: Identify and reduce legislative and regulatory barriers to affordable housing.*

The most significant developments in this area related to sprawl-related issues as local governments continued to seek new or additional regulatory measures to counteract what they perceived to be the negative fiscal, environment, or quality of life consequences of increased population growth. Local governments formed a coalition of "High-Growth" communities to lobby the General assembly for additional powers. As in most previous years, the Virginia General Assembly also acted on numerous bills with significance for affordable housing during the 2003 legislative session. It either defeated or carried over several bills that would have increased local regulatory powers affecting land use, residential, and community development. Localities continued, generally without success, to seek authority to levy impact fees on certain residential developments, enact adequate public facilities ordinances in higher growth localities, or adopt other growth limiting or buffering actions in an effort to slow the pace of development or shift more infrastructure costs to the most recent development. These bills reflected the continuing concern over the costs and consequences of "sprawl" development in suburban and exurban areas of the Commonwealth. The General Assembly defeated a bill that would have required localities to consider manufactured homes on the same basis as site-built homes within residential zoning districts. In addition, the legislature passed a bill establishing a more substantial basis for funding the Building Code Academy. DHCD completed the administrative process requirements for the new edition of the Uniform Statewide Building Code, based on the International Building Code (IBC), which is scheduled to become effective on October 1, 2003.

- *Strategy E: Develop incentives to encourage better regional coordination to identify common housing issues and to address those issues through coordinated strategies.*

Coordination with Low-Income Housing Tax Credits

VHDA is responsible for the administration of federal Low-Income Housing Tax Credit (LIHTC) in Virginia. LIHTC will continue to be used with VHDA taxable and tax-exempt bond issues, the VHDA Housing Fund, the Virginia Housing Partnership, and the HOME Investment Partnerships Program to develop multifamily rental housing. DHCD and VHDA committed themselves to continued coordination of their activities so that the allocation of these resources attains the greatest possible impact.

VHDA is continuing to take the following actions the better to serve program applicants and ensure coordination of the Low Income Housing Tax Credit with other affordable housing programs: (1) scheduling of an application cycle early in the year, making it easier for applicants to arrange other necessary financing before the end of the year, (2) using a base application form that can be used, with supplemental information, for applications to several programs, and (3) using electronic media to enhance access to applications and forms.

Through its most recently adopted Qualified Allocation Plan (QAP), VHDA has begun to address specific areas of housing need, such as persons with disabilities.

In addition, state Low-Income Housing Tax Credits were made available during the fiscal year. They offer an additional incentive to projects qualifying for federal LIHTC by providing a limited credit, linked to the granting of federal credits, against state individual and corporate income taxes as well as bank and insurance franchise taxes. DHCD and VHDA are continuing to cooperate in developing the regulations for this new and evolving financial incentive and in coordinating administrative activities.

D. Affirmatively Furthering Fair Housing

Virginia's efforts within the realm of fair housing include training, investigative, and enforcement activities. Although these activities involve more than one state agency, there is a significant degree of coordination between them.

The Fair Housing Office

During state FY 2003, The Virginia Fair Housing Office (FHO) continued to operate under the auspices of the Real Estate Board. The FHO, located within the Virginia Department of Professional and Occupational Regulation (DPOR) serves as the Commonwealth's primary fair housing investigative office. The primary mission of the FHO is to investigate allegations of housing discrimination and to educate and inform housing providers and consumers about the fair housing law.

Senate bill 1102 enacted during the 2003 General Assembly session significantly changed the organizational structure of the state's fair housing program by establishing a new 11-member fair housing board distinct from the real estate board. SB 1102 authorized the new fair housing board to hear fair housing cases involving non-licensees. SB 1102 also charged the new fair housing board with creating a two-hour fair housing certification program that will apply to anyone involved in the business or activity of renting a dwelling. The new fair housing board held its first meeting on August 12, 2003.

The real estate board will continue to hear fair housing cases involving real estate brokerage firms, agents and employees.

Actions

Investigative and Conciliatory Activity

In FY 2003, the Fair Housing Office closed 103 cases. Of the 103, the FHO successfully conciliated 24 cases. The FHO therefore successfully conciliated 23% of its cases. Complainants received a total of \$43,610 through conciliation efforts.

Outreach and Training Activity

In FY 2003, the FHO provided training and outreach activities at numerous locations throughout Virginia. These included Virginia's annual housing conference, the Virginia Association of Realtors annual conference, the State Fair, apartment manager association meetings, regional realtor association meetings, as well as smaller group and individual meetings. Approximately 1,500 individuals, including property managers, real estate professionals, newspaper staff, local building officials, housing consumers, and housing providers, attended these sessions.

During FY 2003, the FHO continued to distribute numerous fair housing publications including a general fair housing brochure, brochures for architects and builders, a calendar, poster, bookmark, and 44-page disability booklet. The FHO also distributes a Spanish language fair housing brochure, bookmark, and poster. The FHO also upgraded and expanded its web site as a medium for information and communication.

During FY 2003 the FHO's HUD contract included \$150,000 in partnership initiatives funds. The FHO is using this money to partner with four entities to significantly further fair housing. Partner services received by the FHO include rental testing services, a design and construction audit analysis and an expanded design and construction audit analysis.

Other Fair Housing Activities

DHCD provides education and training activities designed to further the achievement of fair housing in communities participating in a variety of state-administered programs for housing and community development.

Virginia's state-administered CDBG and HOME Programs provide one focal point for activities furthering fair housing. Grantees must undertake at least one of eleven actions in the areas of enforcement and/or promotion of fair housing during each year that a community improvement grant is active. One activity that will satisfy this requirement is attendance by a member of the local governing body or the chief local administrative official and a second local representative at a fair housing workshop approved DHCD. (In the case of HOME-funded projects, the representative must include housing sponsor staff and a board member.) Other options include publication of fair housing brochures or the adoption of a fair housing resolution and subsequent local advertising of that fact. DHCD requires that the selected actions are highly visible to the public and that they involve elected officials. Twenty grants with

housing elements joined 41 ongoing projects during the year. However, because the grants administered by DHCD often overlap from year to year, in FY 2003 more than 60 localities may actually participate in at least one approved activity.

To help grantees and others in carrying out activities that further fair housing, the Project Management Office and the Housing Division co-sponsored two fair housing workshops: one in Abingdon on April 17, 2003 and one in Richmond on April 24, 2003. Approximately 58 persons attended the sessions. The two DHCD units cooperated with the Fair Housing Office at the Department of Professional and Occupational Regulation to offer the sessions. Finally, during FY 2003, the DHCD Project Management Office distributed more than 1,800 fair housing brochures to sub-recipients for further distribution within their communities.

E. Analysis of Impediments to Fair Housing

Following 2002 legislation, the Department participated in several activities designed to advance fair housing on a number of different fronts. DHCD continued to participate in a Virginia Housing Study Commission studies addressing a wide range of housing issues, including accessibility for persons with disability and predatory lending practices. The department worked with the Disability Commission in obtaining the services of a housing consultant to help identify components of a housing policy addressing the needs of low-income elderly and persons with disability. , VHDA and DHCD were co-conveners of the housing work group that participated in developing recommendations for inclusion in the report of the *Olmstead* Task Force on the state's *Olmstead* Plan.

F. Progress in Providing Affordable Housing

Although resources have lagged behind demand, DHCD has continued to use the available resources, including HOME funds, for a wide array of activities using existing State housing programs to provide affordable housing in areas of greatest need. Resources have been structured to make projects feasible from a development standpoint and provide long-term affordability to tenants and homeowners.

- DHCD's redesigned **Affordable Housing Preservation and Production Program** targets projects that serve lower income households (<60 % AMI) and that have funding gaps between the actual cost and committed resources. DHCD will continue to provide technical assistance as needed to insure that the projects are ready to move forward. DHCD attempts to balance the financial viability each project with its public purpose. **HOME** funds are restricted to state-certified **Community Housing Development Organizations** (CHDOs).
- DHCD's homeownership initiative, the **Single Family Regional Loan Fund**, blends funding from VHDA's mortgage revenue bond proceeds, the Virginia Housing Partnership Fund, and the State's HOME Program to provide below

market rate mortgages to low- and moderate-income, first time homebuyers who cannot be approved for mortgages from conventional private lenders. The fund is a partnership between the Virginia Housing Development Authority (VHDA) and DHCD, and is administered through approved regional administrators. The home ownership program is designed to serve homebuyers at or below 60% of AMI. Below-market-rate VHDA mortgage (5%, 30-year mortgages available from the sale of mortgage revenue bonds), loan packages are structured based on individual needs. The program requires counseling and pre-qualification by approved local housing providers.

This section of the report discusses the number of housing units assisted during the period July 1, 2002 through June 30, 2003. It is based on a table following this narrative section that originally used with the Consolidated Plan APR. The table uses the HUD format to report on the number of units meeting Section 8 Housing Quality Standards that assisted by federal or federal/state resources. This table reflects only those units receiving assistance during the reporting period. It excludes projects or activities to which funds were committed but that were not completed. This table illustrates the benefit of federal assistance to newly acquired, newly rehabilitated, newly constructed units, and/or the provision of rental assistance through new budget authority

The table also omits newly constructed and rehabilitated units assisted by the Federal Low-Income Housing Tax Credit program. Virtually all of the units were to be restricted to households at or below 60% of the area median income. However, fully accounting for LIHTC-aided units could boost the total of new or renovated units by approximately 3,000 units.

In its 2002 Action Plan, DHCD expected the following accomplishments to result from its administration of HUD-funded programs:

Designing, developing, and implementing housing programs, with \$24 million in state and federal resources, providing:

- Down payment assistance to 300 first-time homebuyers
- Emergency and transitional housing to 25,000 persons
- Emergency repairs to 800 homes
- Weatherization improvements including heating system repair to 2,200 homes
- Development of and rehabilitation of 200 rental units
- Certification of four new CHDOs
- Training for 250 housing providers through the OCCB
- Funding for 20 child services coordinators in 20 shelters
- Technical assistance to 100 housing sponsors (nonprofit and for profit)
- Assistance to 2,500 households threatened with eviction or foreclosure
- Assistance for 350 households with indoor plumbing and associated rehabilitation

Management and administration of the \$100 million Virginia Housing Partnership Fund

and further providing:

That more than thirty eligible communities receive \$20 million in Community Improvement Grants for housing, economic development, and community development activities that will benefit LMI persons, eliminate slums and blight, and meet urgent local needs for community facilities \$2,713,300 to meet 2000 CDBG letters of intent to fund projects in 2001 and provide \$922,000 in support to a FY 2000 multi-year housing project \$500,000 available for CDBG planning grants to assist localities develop responses to locally identified housing, economic development, and community development needs

In addition, DHCD would:

Administer \$3.5 million in Appalachian Regional Commission funding for projects targeting at least one of the five ARC goal areas:

- ✓ Education
- ✓ Infrastructure
- ✓ Leadership and Civic Development
- ✓ Economy
- ✓ Health

As the Summary of Housing Accomplishments table that follows this discussion shows, DHCD performance in the housing activities incorporated within the Action Plan, with some exceptions, was generally in line with expectations.

A comparison of this table to the Action Plan (which projected the numbers of persons or households to be assisted) shows that the State met many of its important goals. The number of homeless individuals and family households assisted through emergency and transitional housing fell about nine percent below initial projections—over 10,716 individuals and 12029 persons in families in State fiscal year 2001 against a plan of 25,000 individuals. The Homeless Intervention Program benefited 7,301 people in some 2,576 renter and owner households

A second observation is the continued high level of assistance to existing homeowners. The programs actually served fewer than the projected 3,350 households (excluding VHDA mortgage lending) through renovation, weatherization, emergency repairs, or home ownership programs during the period. The existing state or state/federal programs--among them Indoor Plumbing, Weatherization Assistance, and Emergency Home Repair—continued to be successful in their outreach efforts, contributing to the continuing high

service levels. Over 90 percent of the assisted owner households had incomes falling between 0 and 50% of Median Family Income; the remaining assisted households were in the 51%-80% MFI category. This excludes units assisted through the medium of VHDA mortgage revenue bonds. Most of the VHDA home purchase lending activity involved households at or above 30% of MFI, primarily in the range between 50% and 80% of MFI.

The pattern of assistance provided to renter households differed. Although the total number of renter households assisted (443) was higher than the number of units projected (200) in the Action Plan, most of this work resulted from the weatherization, emergency home repair, and CDBG activities of the Department. The HOME program had produced relatively fewer units by the close of the fiscal year. Almost 3 percent (35) of the households fell within the 0% to 30% MFI. Virtually all of the rest (94 percent) of the remaining assistance went to households in the 31%-50% MFI range. Households in the 51% to 80% MFI income range received approximately 2 percent of the multi-family program assistance.

It should be noted that these production figures primarily reflect the performance of the HOME, CDBG, and federally funded energy-related programs. However, comparable information, detailing income by household size and racial/ethnic composition in a form compatible with the table was not available for the units assisted by the State's administration of its LIHTC allocation. Nevertheless, 99 percent of the units whose financing hinged on the availability of tax credits serve households at or below 60 percent of median income; 89% were further restricted to those earning less than 50% of the AMGI and 7% were further restricted to those earning less than 40% of the AMGI.

The pattern for the distribution of assistance among various income groupings is instructive. Even if single- family mortgage revenue bond units were included, households below 50% MFI received the majority of the reported assistance. The inclusion of LIHTC units would shift the distribution further back toward the very low and low-income strata.

The table summarizes the Commonwealth's direction of federal and federal/state resources to the most challenged income groups and populations, the lowest incomes and the homeless populations, and to the preservation and expansion of home ownership in Virginia by supporting affordable housing for first-time home buyers and by helping existing home owners maintain and improve their homes.

**Summary of Housing Accomplishments
Commonwealth of Virginia 2000 Program Year (FY 2001)**

Priority Need Category	Actual Units		
	2000	2001	2002
Renters			
0-30% of MFI	35	12	556
31-50 % of MFI	406	421	3
51-80 % of MFI	7	10	57
Total	448	443	616
Owners			
0-30% of MFI	360	309	1097
31-50 % of MFI	2,011	2,106	465
51-80 % of MFI	941	239	704
Total	3,312	2,654	2,266
Homeless*			
Individuals	12,086	10716	10472
Families	13,391	12029	7104
Total	25,477	22745	17576
Non-Homeless Special Needs			
Total	232	163	
Total Housing	29,469	26,005	20,458
Total 215 Housing			

Total Housing			
Hispanic	1,195	1,157	531
Non-Hispanic			
White	10,155	9,216	5,290
Black	15,188	14,035	7,303
Native American	216	118	
Asian/Pacific	166	139	
Other	405	373	
Total Housing			
Total Racial/Ethnic	27,325	25,038	13,124

Note that weatherization and energy assistance program use different income categories based on poverty levels rather than area medians. They also do not report assistance on the basis of race or ethnicity.

G. Continuum of Care Narrative

Actions Taken to Address the Needs of Homeless Persons

This section of the report describes the actions taken by the state to address the needs of homeless persons and the special needs of persons who are not homeless but require supportive housing, including those persons with HIV/AIDS and their families. The state has continued to take an active role in this area, particularly with respect to steps directed at preventing homelessness.

Seven distinct areas comprise the state's response to the needs of homeless Virginians:

- Support, using federal and/or state funds, for emergency shelters and transitional housing facilities assisting homeless families and individuals,
- Support for the provision of case management and direct services to children in both homeless and domestic violence shelters, and
- Grants for local administrators providing temporary rental, mortgage, and/or security deposit assistance to homeless households or those in imminent danger of becoming homeless.
- Virginia Interagency Action Council for the Homeless
- Rural homelessness Pilot project

Shelter Support Grants

The state applies both federal (ESG) and state funds to **Shelter Support Grant** (SSG) programs to help homeless families and individuals in emergency shelters and transitional housing facilities. State funds provide for rehabilitation, repair, and improvements needed to bring homeless facilities into compliance with state and local health and building codes. For facilities in compliance, these funds can defray operating costs such as salary support, administration, maintenance, rent, utilities, insurance, supplies and furnishings. SSG funds may also provide essential human services that address employment, substance abuse, education or health needs. Such services cannot duplicate or displace already existing services. Similarly, federal program funds from the ESG program help the homeless by assisting with the costs of operations for emergency and day shelters and transitional housing facilities. Grants may be used to meet the costs of operations of the facilities. Grantees, except for entitlement cities and counties receiving funds directly from HUD or a Supportive Housing Program grant for operations, may receive both state and federal funding for each bed in their facility. Grantees in the ESG entitlement cities are not eligible for funding from the state's Federal Shelter Grant (FSG) component.

The Department of Social Services has made a portion of its Temporary Assistance to Needy Families (TANF) Program funds available through DHCD to SSG grantees. In 2003, a total of \$2,270,080 TANF funds were available to be used in any manner consistent with the purpose of the SSG Program, except facility repairs and improvements.

During the year, DHCD allocated both SSG and FSG grants based on the number of beds available to serve the homeless. Funding for seasonal facilities (e.g., winter shelters) was based on the average daily bed count and prorated for the number of months the shelter was in operation. Awards of federal funds for day shelters were based on 50% of the average daily attendance of persons for whom the provider has documented homelessness.

Grants of state and/or federal funds supported 5,000 shelter beds in state FY 2003 provided by 109 project sponsors located in 40 counties, cities, and towns spread across the Commonwealth. Of these, 1,890 were emergency shelter beds and 2,005 were transitional housing beds, 654 were domestic violence emergency shelter beds, 335 were winter shelter beds and day shelters with a daily average attendance of 33. (Note: total by type is greater than the number of beds supported since winter shelters are prorated by the number of months they are in operation and day shelters are funded at 50% of the average daily attendance.) Of the total number of beds funded, the state-funded program assisted 4,974 and 2,468 through funds originating in the federal program. A total 16,905 of households containing 26,572 persons were sheltered in fiscal year 2003 in emergency shelter and transitional housing facilities funded.

Also, in FY 2003, DHCD committed \$175,000 in HOME funds to a Supportive Housing Program project providing five units of transitional housing for homeless families, including two-parent families, \$185,000 for the acquisition and renovation of a four-unit building to provide permanent housing with comprehensive support services for disabled homeless families, \$200,000 for new construction of ten transitional housing units and an additional \$200,000 in HOME funds to construct a six-unit apartment building to provide permanent supportive housing for homeless disabled adults.

In FY 2003, DHCD also disbursed \$57,428 of HOME funds, previously committed, to a Supportive Housing project.

Child Services Coordinator Grant

The Child Services Coordinator Grant (CSCG) program contributes salary support for the provision of case management and direct services to children in homeless and domestic violence shelters in Virginia. Nonprofit organizations and local governments providing emergency shelter and transitional housing are eligible recipients of CSCG funds. Applicants must be able to document a

minimum average daily census of at least four homeless children, who have remained in the facility an average of eight consecutive days in the last fiscal year.

The CSCG program addresses the needs of homeless children by:

- Insuring that professional child service resources are available to Virginia's emergency shelters serving homeless families with children through linkages in with the community.
- Improving service delivery to homeless children through increased information sharing, collaborative planning, and analysis and referral to existing resources.
- Emphasizing parental choice and participation in the coordination of services for children.

An appropriation of \$360,000 in state general funds and \$814,651.60 in Temporary Assistance to Needy Families (TANF) funds supported the program during state FY 2003. In 2003, a total of 2,342 families and 4,222 children received services through this program. 3,102 children were determined to be TANF eligible children. This funded 28 full-time and 37 part-time child services coordinator positions in 55 shelters located in 41 counties, cities and towns throughout the entire state.

SHARE Program

The Homeless Intervention Program (HIP) supports grants and loans that may be used for temporary mortgage or rental assistance, security deposits, and housing counseling for low-income households that are either currently homeless or in imminent danger of becoming homeless. Nonprofit agencies and governmental entities, including cities, towns, counties, and redevelopment and housing authorities are eligible to apply for program funds through a competitive process. Local partners now make the program's services available throughout the entire state. During fiscal year 2003, 29 grantees or local administrators (LA) provided SHARE Homeless Intervention Program (HIP) assistance and services to all jurisdictions of the Commonwealth.

Grantees are able to decide if all financial assistance is given to clients as a loan, or they can provide the rental assistance as a grant and the mortgage and deposit assistance as a loan. All loans are at made 0% interest and repayment plans are very flexible. With the loan repayment money one-half of the total amount may be used to offset administrative costs and the remaining half has to be used to provide additional services to clients.

In FY 03 clients repaid a total of \$277,585 of their loan repayments. Of this amount \$114,547 was used for administrative costs and 266,175 was used for direct client services. \$270,901 in loans were forgiven by the local administrators.

DHCD allocated HIP funding totaling \$5,264,670 to 29 local administrators. Temporary Assistance to Needy Families (TANF) provided \$1,073,670 of this amount. A general fund allocation of \$4,191,000 provided the remaining. Local administrators reported \$708,195 in additional administrative costs. The total cost of the fiscal year 2003 HIP was \$6,474,191.

Demographics of Service

This subsection presents information provided by recipients of funding from the various local homeless programs receiving support from the programs administered by the Department. In some cases, these may be incomplete.

In fiscal year 2003, local administrators assisted 2,176 households representing 6,087 persons. Of the total persons served, 54% were under the age of 17. Twenty-three percent of the total number of households served benefited from the use of TANF funding.

12% of the households receiving assistance owned their own home, 54% lived in rental housing. 34% of the applicants were either homeless (residing on the street or in a shelter), living in a domestic violence shelter as victim of domestic violence, living with family or friends or in another housing situation.

Virginia Interagency Action Council for the Homeless

For approximately 13 years, the Department has been the host agency for the Virginia Interagency Action Council for the Homeless (VIACH). VIACH serves as a statewide leadership organization to eliminate homelessness in Virginia by facilitating communication, cooperation, coordination and collaboration between federal, state and local governmental entities, not for profit agencies, and advocacy groups that serve the homeless. Our membership includes representatives from four federal government and eight state government agencies, three statewide advocacy organizations and continuum of care planning groups from across Virginia. Our regional representative from the Interagency Council for the Homeless has stated that she considers VIACH to be a model organization should be replicated in other states.

This past year VIACH members have worked on two key initiatives, the creation of a statewide homeless management information system (HMIS) and Virginia's Ten Year Plan to End Homelessness. With leadership from the Department, the HMIS workgroup met regularly for more than a year and were prepared to submit a plan for the 2003 SuperNOFA. HOMEWARD, Richmond's homeless services coordination organization, agreed to be to host agency and will allow any continuum of care planning group that receives funding to join onto their existing system.

The Department and the members of VIACH are committed to the development and implementation of a plan to end homelessness in Virginia, not just chronic homeless which is the primary focus of a key federal initiative. To

assist in the development of this plan the Department has contracted with the Virginia Tech, Housing Study Research Center to conduct research and to actually write Virginia's Ten Year Plan to end Homelessness. The VIACH members will also play a key consultative role in the development of this plan. Additionally with the leadership of Department and a team of key state government official will go to Denver in October, 2003 to participate in the HUD sponsored Policy Academy. While the work of the Policy Academy is to help states develop strategies to address chronic homelessness, we intend to use this information as just one part of an over-arching plan to end homelessness for all persons in Virginia.

Study on Rural Homelessness

The Virginia General Assembly in the year 2000 requested that the Virginia Housing Study Commission with the assistance of VIACH study the number and need of homeless persons in rural areas of Virginia and to offer recommendations to address the key issues. Following its intensive and groundbreaking seventeen-month study the VIACH Rural Homelessness Subcommittee unanimously recommended a bold new pilot project designed to reduce and ultimately prevent homelessness in rural areas of Virginia.

In the spring of 2003, the Department completed a competitive grant application process and two grantees were selected for the one-year pilot project. People, Incorporated in Abingdon and the New River Community Action Agency in Radford were selected as the grantees for this initiative and they will both receive \$150,000 awards. They will be expected to design and implement innovative strategies to assist both people who are homeless and people at risk of homelessness in southwest Virginia

2002 SuperNOFA Competition

During the 2003 SuperNOFA process, DHCD reviewed 13 applications from public housing authorities or non-profit housing development organizations for a variety of supportive housing projects for certification as being consistent with the current Consolidated Plan. These included both Section 811 and 202 projects for the homeless, disabled, and elderly located in nonentitlement areas of the state. In reviewing each project, DHCD considered its location, the facilities proposed, the local need being addressed, and the target population.

H. Other Actions Undertaken

Public Policies

The Action Plan included strategies addressing regulatory impediments to the preservation or creation of affordable housing. These strategies have shifted over time, reflecting recent achievements and changes in the circumstances

influencing housing affordability. The Housing Needs Assessment completed in 2001 and greater involvement by VHDA and DHCD in responding to the housing needs of persons with disabilities influenced this year's activities. Among the Housing and Community Development actions included in the FY 2003 Action Plan, the Department indicated its intent to address a variety of barriers to affordable housing. Actions included continued support for uniform building code requirements for both new construction and rehabilitation—including accessibility requirements. The priority addressing expanded housing opportunities for populations requiring supportive services called for increased involvement in efforts to promote housing accessibility for persons with disabilities. The Department indicated the need for continued scrutiny of regulations that can affect housing affordability. The Action Plan also proposed the following actions addressing the environment for the production or preservation of affordable housing:

- Continue to coordinate project funding through various sources in a way that will reduce nonessential duplicative requirements.
- Continue to administer a Uniform Statewide Building Code and develop standards to be used in the rehabilitation and productive reuse of existing residential and non-residential structures.
- Offer training through the Building Code Academy that focuses on the provisions of the USBC that facilitate the maintenance, rehabilitation, development and reuse of existing buildings.
- Continue to use incentives in scoring competitively funded programs for reducing regulatory barriers at the local level.
- Promote the use of varied types of single-family dwellings in areas zoned agricultural and residential.
- Continue to scrutinize state enabling legislation, local land use ordinances, and introduced legislation that could impede the production and preservation of affordable housing.
- Continue working with the homebuilding industry to consider the impact of state statutes and local regulations affecting the industry.
- Pursue Homeownership initiatives underway at the Department that assist lower-income households for the purchase of their first home.

The Action Plan includes many policy areas that require either legislative assent, the active cooperation of other state agencies, local governments, and/or the participation of other public or private entities. Thus, the Plan's primary role in the public policy arena is to provide a framework for ongoing State activities that implement various aspects of the Consolidated Plan. External factors may influence the attainment of portions of the Plan. This section of the Report examines progress in the areas identified in the Action Plan and describes changing circumstances that may require modifications to the strategies originally included in the Plan.

Infrastructure Finance Issues

DHCD has continued to coordinate activities of the State's CDBG program, the Indoor Plumbing Rehabilitation program, and the Virginia Water Project supporting the availability of adequate infrastructures—particularly water/wastewater facilities for affordable housing developments.

Support for Uniform Building Regulations

Virginia has continued to follow its established policy of adopting a single set of uniform building regulations applicable to all new construction within the state. During the 2003 legislative session, the Department sustained the consistency and uniformity of its building and fire safety regulations, supporting legislation that clarified the authority of local building officials to approve modifications needed to make existing structures capable of safe and productive reuse. The Board of Housing and Community Development completed the administrative process for updating the state's primary building safety regulations, including the Virginia Uniform Statewide Building Code (USBC), Statewide Fire Prevention Code (SFPC), and Virginia Certification Standards (VCS), which will take effect on October 1, 2003.

DHCD's training programs remain as critical as the actual provisions of building and fire safety code development to meeting Virginia's commitment to implementing uniform regulations, enforcement, and training throughout the Commonwealth. DHCD provides uniform training for those individuals in local governments charged with enforcing the building, fire, and maintenance codes, and enforcing provisions related to rehabilitation of older existing structures. DHCD expanded training and information programs beyond code enforcement personnel to include opportunities for building contractors, architects, tradesmen, and others who must apply or comply with the provisions of the USBC, SFPC, building maintenance requirements, and provisions related to the rehabilitation of older existing structures.

Actions

During FY 2003, DHCD sponsored 32 training programs across the Commonwealth for code enforcement and building design professionals. The Virginia Building Code Academy conducted or facilitated this training. It consisted of the Academy's core module, advanced official module, consolidated residential/commercial inspection modules for the electrical, mechanical, building, and plumbing inspection disciplines, plans review modules for both structural and non-structural building components, property maintenance inspection module, rehabilitation of existing structures training, and amusement device inspection module. Academy programs emphasized the uniform application, administration and interpretation of Virginia's building, fire, and maintenance codes and the amusement device regulations, as well as provisions related to the rehabilitation of older existing structures. Over 1125 students attended these programs during FY 2003.

Accessibility Requirements

Concerns about the degree of compliance with various accessibility standards, including the HUD *Housing Accessibility Guidelines* applicable to multifamily properties, have led to more intense scrutiny of code provisions and enforcement measures. The new edition of the USBC is based on the International Building Code (IBC). The 2001 Supplement to the International Building Code (IBC) contains provisions from the Codes Requirements for Housing Accessibility (CRHA) document, which HUD, the National Association of Homebuilders (NAHB), and the International Code Council (ICC) prepared. This document, which HUD has endorsed, puts the federal accessibility standards into building code terminology. Virginia continues to be interested in obtaining federal certification for the USBC's accessibility requirements. Of the USBC that would be available for public comment in early FY 2003.

State and Local Regulatory Reviews

Actions issues identified in the 1995 Report of the Secretary of Commerce and Trade on Regulatory Barriers to Housing Affordability continued to receive consideration in FY 2003.

Actions

- By the close of the fiscal year, the Board of Housing and Community Development had completed the administrative process for promulgating the 2003 edition of the USBC, based on the International Building Code, which, in accordance with HB 1211 (2002) and other recent legislation, will incorporate provisions facilitating the safe and economic reuse of existing structures.
- As in most previous years, the Virginia General Assembly also acted on numerous bills with significance for affordable housing during the 2003 legislative session. The legislature again defeated or carried over for further study several bills that would have increased local regulatory powers affecting land use, residential, and community development. Localities continued, generally without success, to seek authority to levy impact fees on certain residential developments, enact adequate public facilities ordinances in higher growth localities, or adopt other growth limiting or buffering actions in an effort to slow the pace of development or shift infrastructure costs to the most recent development. Following the legislative session, the Commission on Growth and Economic Development began to consider enabling legislation authorizing adequate public facilities ordinances. It will report its recommendations to the 2004 legislative session. Concern over the costs and consequences of "sprawl" development in suburban and exurban areas of the Commonwealth remained a significant issue in many communities.
- The General Assembly defeated a bill that would have required localities to consider manufactured homes on the same basis as site-built homes within local zoning ordinances.

- The General Assembly passed a bill that makes provisions for affordable housing a mandatory rather than an optional element of local comprehensive plans.

Institutional Structure

As in previous years, several significant developments in the institutional environment for affordable housing occurred during the period incorporated in this Report. VHDA continued to play a larger role in the multifamily realm while DHCD to coordinate resources used to support lower-income home ownership through the Single Family Regional Loan Fund—promoting increased opportunities for home ownership for lower-income Virginians. DHCD continues to pursue methods and models that will broaden and deepen support for affordable home ownership and other housing activities throughout all regions of the Commonwealth—attracting new local and regional partners and resources to the effort.

The Virginia Housing Study Commission, part of the legislative branch, included consideration of the findings of the 2001 Housing Needs Assessment on its agenda for 2003-04.

Intergovernmental Cooperation

DHCD has used several approaches to encourage greater coordination and cooperation among potential partners in creating opportunities for the creation and preservation of more affordable housing. It has continued to work closely with the Virginia Housing Study Commission, researching issues, preparing background papers, and providing occasional staff support for Commission subcommittees. DHCD also joined with VHDA in working with the Virginia Disability Commission and the *Olmstead* task force on developing policies and programs exploring means for better meeting the housing needs of persons with a variety of disabilities. The two agencies collaborated in employing a consultant to a report on methods and alternatives for expanding the availability of affordable, accessible housing for the frail elderly and persons with disabilities as part of a response to legislation enacted in 2002.

It has concluded or updated memoranda of understanding or agreement with its fellow state agencies to assure the clear demarcation of responsibilities and actions in such areas as weatherization, lead-based paint hazard reduction, and the application of the Uniform Statewide Building Code. DHCD continues to report on lead-based paint hazards to a standing legislative subcommittee.

DHCD sought to encourage local governments to play a more proactive role in support of affordability through procedural or policy changes. Applicants for state-administered Community Development Block Grants continue to receive additional points on their applications where they could document one or more specific local government actions (from a range provided by DHCD) promoting affordability. Local governments also received an opportunity to approve nonprofit applicants for DHCD program funding. VHDA and DHCD continued to

coordinate various program activities, while actively seeking of opportunities to leverage additional partners and resources. Under the Single Family Regional Loan Fund, Rural Development loans were leveraged with HOME funds; several homeowners participated in the Rural Development Self-Help Program.

Low-Income Housing Tax Credit

The Tax Reform Act of 1986 established the Low Income Housing Tax Credit Program, which uses federal tax credits to encourage additional investment in multifamily projects meeting specific occupancy and rent level requirements. The Virginia Housing Development Authority (VHDA) continues to administer the program. Virginia's current Qualified Allocation Plan (QAP) considers these criteria in reviewing the projects competing for a credit allocation: (1) project readiness, (2) housing needs characteristics, (3) specific development characteristics, (4) tenant population characteristics, (5) sponsor characteristics, (6) the most efficient use of the available credits and other resources, and (7) bonuses for additional features related to preservation of low income rents for extended periods. At least 15 percent of the available credits are reserved for projects sponsored by a qualified nonprofit organization. Combinations of taxable and tax-exempt VHDA bonds and such federal resources as Project-based Section 8 Certificates, historic preservation credits, CDBG and HOME funds were associated with several projects.

Beginning in 2004, VHDA will include a new pool of credits allocate for units addressing people with special needs (defined as persons who are elderly, disabled, or homeless as well as others requiring special accommodations). This will provide a financial incentive for the creation of additional housing opportunities for persons with mobility impairments and other special requirements.

There were no substantive changes in the state low-income housing tax credits administered by DHCD as a supplement to the federal credits administered by VHDA. Aggregate state credits remain capped at \$500,000 per year. The state program offers a credit against state income and bank and insurance franchise taxes for qualifying properties. Only properties receiving federal credits through the program administered by VHDA are eligible. State credits are available for a five-year period and are set at ten percent of the amount of the federal credits.

Public Housing Resident Initiatives

The initial 1994-97 CHAS did not include provisions for public housing resident initiatives, however, subsequent Action Plans have contained several relevant recommendations addressing this issue. They included a feasibility study of the potential for establishing individual development accounts (IDAs) to spur savings and investment among lower income households such as those eligible for or residing in public housing.

Actions

Subsequent legislation urged the Commonwealth's housing authorities to support and promote a number of tenant management and home ownership initiatives, including the appointment of advisory tenant representatives to public housing authorities.

Although legislation, based on research DHCD conducted in 1994-1996 into alternatives for assisting public housing residents and other lower-income Virginians build assets to finance home purchases, education, or small businesses startups was not enacted, DHCD has continued to award funds to innovative CDBG projects using individual development accounts (IDAs) to build the assets of lower-income households. The Virginia Department of Social Services (DSS) has also implemented parallel asset building strategies using funds available from the Temporary Assistance to Needy Families (TANF) Program as part of broader welfare reform efforts.

Lead-Based Paint Hazard Reduction

During FY 2001, DHCD completed implementation of the 1994 HUD Lead-Based Hazard Reduction Grant, focusing on hazard reduction and management rather than full abatement. The Department has an application pending before HUD for an additional \$2.9 million to continue statewide lead hazard reduction activities.

Actions

Petersburg Lead Hazard Control: HUD provided \$1,122,423 in Lead Hazard funds to complete hazard control in 75 units. Through FY 2002, 69 units have received assistance; \$144,917 remains available. The current grant end date is September 30, 2002.

Worker Education: DHCD's Community Development Division sponsored training focused on housing rehabilitation work, including safe work practices in handling lead paint hazard reduction and abatement. DHCD continues to work with the Department of Health and the Department of Labor and Industry to provide lead paint education to state and local building code officials.

The Weatherization Assistance Program added a Lead Hazard Control curriculum to its training program to provide specific lead safe work practices training to weatherization program workers.

Hazard Reduction Activities: 1500 units were cleared during the life of the grant, with 200 of those clearances taking place during FY 2001. These represent mostly multifamily properties.

Program Objectives and Possible Changes

The objective of the state's affordable housing and community development programs is to invest in financially feasible projects that address a locally identified need. No changes in this program objective are currently being considered. However, DHCD periodically convenes focus groups comprising customers, associated agencies, and local administrators to review various programs and procedures. Such meetings sometimes lead to proposals for policy changes; more often, the results are programmatic or procedural changes. In addition to requesting input from focus groups, if the Department is proposing changes, these are also presented to a focus group of housing providers before formal public hearings or their ultimate implementation.

In 1994, for example, DHCD added a Community Service Facilities objective to its CDBG program. The intention was to make it somewhat easier for projects falling within this category to compete for overall program funds without having to compete directly against water and sewer projects. Similarly, the Indoor Plumbing Rehabilitation Program invited sub recipients to participate in a focus group to identify ways to hold down costs and create a more accessible fund distribution method. The focus group results, which included greater support for the utilization of match funds, flexibility to encourage greater economies of scale for contractors, and an improved system of control of the rate of project setups, are being incorporated in recommended best management practices and program requirements.

Although the priority objectives for DHCD programs have not changed substantially, the agency occasionally makes incremental changes in program design to enhance its ability to achieve those objectives. In the housing area these have included new scoring preferences for rehabilitation projects that include home ownership opportunities, repayment of assistance, and sweat equity contributions; the recapture of more rehabilitation assistance; required landlord participation in certain affordable housing projects; and other restrictions or limitations on rehabilitation programs. During the year, DHCD reexamined its CDBG program design and proposed several changes in addition to those made during the previous year. These included:

- Removing the limit on the number of open contracts has been removed from the Multi-Contract Limitations policy while retaining the dollar value limit of \$2.5 million.
- Adding a statement to the Regional Projects policy clarifying that multi-jurisdictional utility extensions and interconnections are generally not considered regional. Accordingly these projects are generally not eligible for the up to \$2,000,000 in VCDBG assistance available for truly regional projects.
- Modifying the Letters of Intent policy to limit the cumulative value of these letters to 30% of any single year's CDBG allocation. The expiration date for Letters of Intent will be May 1, 2003, subject to the agency's reserved right to establish an alternative Letter of Intent expiration date between

May 1 and September 30, 2003 to accommodate exceptional circumstances.

- Replacing the previous Competitive Planning Grant and Just-In-Time Planning Grant options with an open access approach. The categories of Planning Grants, Project or Community Organizing, remained the same while the amount of available assistance being proposed rose from \$450,000 to \$500,000.
- Modifying the Evaluation Criteria for Competitive Grants to place additional emphasis on the impact projects will have on local community development needs.
- Reducing the Community Development Innovation Fund from \$2,500,000 to \$2,000,000. This reflects a reduction in the Community Development Venture Capital Fund from \$1,000,000 to \$500,000. The Local Innovation Program will retain \$500,000 in total funding, but funding will be available through August 1, and not July 1 as in previous years. The Self-Help Virginia option remains unchanged.
- Changing the assignment of several localities have shifted from one category to another under the Community Economic Improvement Fund following analysis of new poverty, unemployment, and income data.

Based on comments developed during the previous Consolidated Planning process, DHCD made several changes in the HOME program guidelines in early 2000. A Joint Legislative Audit and Review Commission review of VHDA housing programs also led to a change in the Regional Loan Fund targeting. All projects and not just those using HOME funds will target households at or below 60 % of AMI.

- Loans will be limited to a maximum of \$1 million per project or the maximum allowed based on a maximum per unit subsidy. HOME funded units require a minimum HOME investment of \$1000 per unit.
- Households below 60 % of AMI must occupy all HOME-assisted units with twenty percent of the units set aside for households below 50 % of AMI. This has been further modified as noted above to address both HOME and non-HOME funded projects in the Regional Loan Fund program.
- DHCD will consider applications from CHDOs certified by the state for projects in HOME and CDBG entitlement communities if there is a local match equal to 25 % of the funds requested through the AHPP.
- IPR is offering funding sub recipients funding incentives to reach homes lacking an indoor bathroom. The match incentive is not being used at present.

I. Leveraging Resources

The Action Plan estimated the potential leveraging associated with the administration of various housing programs at between \$15 and \$20 million. A conservative estimate of the actual level achieved from the use of various public housing resources exceeds \$15 million. Three primary housing initiatives continue to account for most of the leverage. Federal and state low-income housing tax credits stimulated private sector investment in some affordable rental housing projects. The home ownership assistance programs provide only down payment and closing costs assistance, requiring permanent mortgage money from the private sector. The availability of state and federal funds to address various aspects of homelessness has also significantly enhanced the ability of local partners to tap into other private sources of funds or services.

Community Development Block Grants

The proposed CDBG Program leveraging for the 1994, 1995, 1996, 1997, 1998, 1999, 2000 and 2001 program years was, respectively, \$120.6 million, \$72.3 million, \$107.3 million, \$90.3 million, \$525.7 million, \$61.2, \$121.1 million, \$33.4, and \$40,720,047 for State FY 2003.

J. Citizen Comments

The Department received no substantive comments on the contents of the draft CAPER during the advertised comment period.

K. Self Evaluation

The following assessment summarizes the major activities and achievements for the period from July 1, 2002 through June 30, 2003. This represents the period covered by the Action Plan for the third and final year of the Consolidated Plan initially prepared and submitted in 2000, which included federal program years 2000-2002 and state fiscal years 2001-2003. The discussion also considers the cumulative achievements of the period covered by this Consolidated Plan.

The state continued to operate within the parameters of a rigorous fiscal environment characterized by additional workforce reductions and the reduction or elimination of appropriations for numerous programs, including a variety of housing and community development activities. In addition, the General Assembly directed the sale of the assets of the Virginia Housing Partnership Revolving Fund to the Virginia Housing Development Authority, with the residual balance to be used by the Authority to provide affordable housing to additional low-income Virginians. Nonetheless, DHCD has been able to fill essential positions in areas subject to the Consolidated Plan. DHCD and its partners within the state government remained committed to the priorities established in the Consolidated Plan. DHCD continued to emphasize the development of partnerships at state and local levels as well as the leveraging of resources. During the period, the Regional Loan Program continued to leverage significant support for first-time homebuyers.

The Single Family Regional Loan Fund Program remained the paradigm for future regional partnerships. This home ownership program, a joint venture between VHDA and DHCD, had succeeded in meeting the objectives of providing home ownership opportunities to under served areas/populations while developing partnerships among smaller housing providers and has brought new regional partners, including Planning District Commissions, into the administration of housing programs.

This was the final year of the new Consolidated Plan adopted in 2000 and subject to the Action Plan for State FY 2003. General support for the priorities, which had been carried over from the original CHAS and modified incrementally, continued to be tempered by concerns about the availability of sufficient funding to meet the State's competing priorities for affordable multifamily housing, the provision of indoor plumbing, the rehabilitation of existing units not requiring indoor plumbing, and housing for persons with special needs resulting from disabilities or other causes. Throughout the entire period, the State attempted to define an appropriate role for the State's use of HOME program funding in CDBG entitlement communities that were also members of a HOME consortium. Despite previous modest increases in overall state funding for specific housing programs during prior years, the fiscal climate during state FY 2002 and FY2003 has led to sharp reductions in many programs; however, to date and despite concerns about the out years of the current budget horizon, the state has been able to sustain efforts to meet the most pressing housing needs being articulated by public participation and comment.

Throughout the Consolidated Plan period, the Department's housing programs were generally successful in addressing housing needs and priorities. Overall, and in spite of fluctuations in individual program funding, changes in program features, and the generally challenging economic climate, production was consistent with actions proposed in the Action Plan. Meeting the rental housing goals remained the most difficult. Several reasons can be cited:

1. Maintaining the balance between efforts to increase home ownership and meet the demand for multifamily funding assistance continued to challenge the available resources.
2. The use of the Low Income Housing Tax Credit Program, which has successfully leveraged private resources for the construction or rehabilitation of rental property, is not directly reflected in the units reported on the table that replaced the former Table I in the CHAS. The bulk of these units are intended for households with incomes below 60% of MFI. However, because of the nature of the reporting for this program, which VHDA administers, individual breakouts were not available for this report. In addition, a limited number of applicants also received additional incentives from the state low-income housing tax credit under provisions that first became available during calendar year 2002.

3. Although funds were reserved for projects that would boost production numbers, these units are not counted until the loan closes.

The following are highlights of accomplishments in each of the priority areas:

Expand Rental Housing

For Program Year **2002**, the number of persons served by rental housing programs administered by DHCD, with the inclusion of weatherization and emergency home repair programs, exceeded projections. As in the previous years, almost all of the beneficiaries fell within the two lowest income categories (0-30% and 31-50 % of median family income); the categories used in the weatherization program did not permit a breakout between these two categories. For the entire period, program years **2000-2002**, the state, by combining a variety of federal and state resources, was able to meet its overall goals in this area of need. In addition to these efforts, VHDA continued to support multifamily activities through financing arrangements based on the administration of the State's allocation of Low Income Housing Tax Credits, the use of taxable or tax-exempt mortgage revenue bonds, and the availability of state low-income housing tax credits administered by DHCD.

Meet the Needs of the Homeless

DHCD again met its goals for helping homeless persons and families during the period covered in this report. In program year **2002**, the number of households and families served, which had shown a steady increase during the first two reporting periods covered by the Plan, fell in the most recent period. Even with this decline, DHCD averaged nearly 22,000 assisted annually during the program years **2000-2002**. Although the number of shelter providers and the overall capacity of shelters have increased markedly as the resources have become available to expand existing facilities or create new ones, not all shelters have completed data collection for the year. Second, there is some indication that the stays of individual and families in shelters have been extended, effectively reducing access to these facilities for others in need of assistance. Finally, many shelter providers do not have access to state or federal-funded programs and thus are not fully accounted for.

Besides the activities detailed on the Summary of Housing Accomplishments Table, the continued operations of the State-funded SHARE Homeless Intervention Program have provided either rental assistance, security deposits, or mortgage payment assistance to 2,176 households in state FY 2003, down from the previous year, but still well above the initial count of 1,581 renter or owner households in the initial Plan year. This program prevented individuals and families from losing shelter in the first place or worked to shorten the time during which a household was homeless. This not only benefited the individual households but also helped lessen the existing demand for shelter facilities that receive assistance from DHCD's other homeless programs. During the term of the Plan covering program years **2000-2002**, DHCD steadily expanded the

geographic area served by the HIP program and the number of individuals and families served.

Expand Stock . . . Populations Requiring Supportive Services

Federal resources available through DHCD to populations requiring a supportive service component with the provision of housing assistance fluctuated during this period. However, State resources increased with the General Assembly's authorization of \$360,000 for the Child Services Coordinator Grant (CSGC) Program in 2002 and 2003 as well as additional funding of \$300,000 through the Virginia Department of Social Services for Child Care for Homeless Children (CCHCP) Program in 2001-2003. In state FY 2003, however, budget reductions limited the CSGC to \$310,000.

Support Home Ownership Opportunities

Overall, homeownership programs fell short of the original expectations, although they have trended upward during the program years **2000-2002**. Owner units also received assistance through a variety of programs including home ownership assistance, weatherization, rehabilitation, and indoor plumbing. In part, this continued the previous trend toward stimulating greater home ownership; it also reflects the streamlining and expansion of service delivery for the renovation of existing owner-occupied units.

A total of 229 first-time homebuyers received direct assistance through the Regional Loan Fund program in program year **2002**. This compared to 213 and 216 from the previous two reporting periods. It has succeeded in meeting its objectives including: the creation of regional partnerships, the increased capacity of smaller nonprofit organizations, and better targeting of the funds to under served areas and populations. Although the program fell short of attaining the cumulative goal for the period covered by the Strategic Plan, the upward trend suggests that the state and local program infrastructure is approaching the capacity needed to meet future goals for affordable single-family opportunities for first-time homebuyers.

Altogether, during the reporting period over 1,640 homeowner units received assistance through the Emergency Home Repair Program, the Indoor Plumbing Rehabilitation Loan Program (IPR), or the Weatherization Program. Emergency Home Repair accounted for about 36 percent, Weatherization over 49 percent, and IPR the remaining 14 percent of the units assisted over the period. The breakout of units served by the larger programs continued the trend of the previous year, including the relatively steady production levels associated with the IPR program, which has improved well over 600 units during the period covered the Plan.

Increase the Number of Housing Providers . . . Expand Capacity

As the increasingly complex affordable housing industry enters the twenty-first century, one of its greatest challenges will be meeting the growing need for effective and productive housing organizations with skilled staff and boards that can move the affordable housing agenda forward. Strong and viable housing organizations will be those who are technologically, fiscally, politically, and organizationally prepared for the pressures of struggling for organizational success. Toward meeting that challenge, the Department of Housing and Community Development has continued to develop and invest funding, training, and technical assistance resources into Virginia's communities through newly emerging as well as well-established housing providers. Through state FY 2003, DHCD helped to develop 39 community-based nonprofit housing organizations in under-served areas of the State.

Develop Partnerships

DHCD continued to work with other state agencies in providing housing and supportive services to lower-income Virginians. The major partnership continues to be with VHDA, the State's housing finance agency. Since completing the 2001 Housing Needs Assessment, the agencies have coordinated their activities much more closely. During the current reporting period, the two agencies cooperated on additional ventures, including providing significant assistance to activities of the Disability Commission and the Olmstead Task Force. The two agencies continued their partnership on administering tax credit programs, with VHDA having primary responsibility for the LIHTC program, which has become a primary resource for most State-funded multifamily projects. DHCD maintains primary administrative responsibility for the state low-income housing tax credit program, continuing the interactions between the two agencies because the program linkages within the relevant Virginia statutes. DHCD moved administration of the state tax credit program into its housing division during the year—providing a more direct link between the credits and other housing programs.

The Regional Loan Fund became the primary tool for development of partnerships at the state, local, and regional level. These partnerships also include individuals and organizations from the profit-oriented private sectors such as banks, real estate professional, and attorneys.

Assist Local Governments Conserve and Improve Housing

New offers to three housing projects proposed by localities accounted for over thirteen percent of all program funds in the 2001 Program Year, nearly twice the level of the previous year. However, including the housing rehabilitation activities incorporated within comprehensive community development proposals and funds from previously funded multi-year rehabilitation projects increased the overall funding dedicated to housing activities to over 25 percent of program funds. The percentage of funds offered in FY 2003 in support of housing projects was in line with the average since the State assumed administrative responsibility for the program.

In the **2002** program year, DHCD offered seven grantees funding for housing projects amounting to over a quarter of the resources available through competitive community improvement grants. The inclusion of housing rehabilitation activities incorporated within comprehensive community development proposals and multi-year projects increased the overall funding dedicated to housing activities to over 30 percent of program funds.

During the period covered by the Consolidated Plan, housing has become a significant component of comprehensive community development proposals.

Assist Local Governments Improve Neighborhoods

Comprehensive Community Development grants, which serve as a primary vehicle for the CDBG program to blend housing and non-housing activities to improve neighborhoods, either received or were proposed to receive around over 40 percent of available program funds in the 2001 Program Year as compared to 32 percent in the previous year. There had been a general upward trend in the both the number of applicants and awards in this category for several years. DHCD made four awards in 1996, three in 1997, five in 1998, six in 1999, seven in **2000**, and nine (including letters of intent) in **2001**. The most recent program year (**2002**) broke this pattern, as the seven successful applicants for comprehensive grants received only 21 percent of the available CIG funding. The scope of these individual projects requires the commitment of more extensive funds to be successful. The multiple activities and extended completion times that may be associated with the multi-year funding commitments for some grants add to their administrative complexity.

Assist Local Governments Increase Business and Employment Opportunities

The awards made from **2002** program funds included six economic development grants, representing an increase over the two from the previous year, but still lagging the 13 awarded through two funding rounds in the 2000 Program year. From the 1987 Program Year through the most recent reporting period, CDBG economic development activities assisted 114 businesses and 24 micro-enterprises. Nearly two-thirds of the 13,423 jobs associated with these grants benefited low-income persons. With the exception of the micro-enterprises, all these jobs were associated with commercial and industrial infrastructure projects. These grants have continued to serve as an effective means for enhancing competitive economic environments within eligible Virginia localities.

Assist Local Governments Improve Community Facilities

These projects generally address critical community infrastructure needs, primarily water supply and sewage handling facilities, and have enhanced efforts to reduce the number of homes that continue to lack complete or adequate

indoor plumbing facilities. Four new **2002** grants representing \$2.8 million, join the nine **2001** grants and approximately \$5.1, and ten **2000** grants and approximately \$4.0 million in addressing these areas of need. From program year **1987-2002**, 577 community facilities projects, mostly street, drainage, sewer, and water improvements have been initiated. Of these, 413 had been completed by the end of the most recent program year. Often, these grants represented the most economical means for the community to replace, upgrade, or establish essential infrastructure. Descriptions of the newly funded projects in this and other categories are included in the following section of the report.

Assist Local Governments Improve Community Service Facilities

Inn program year **2002**, the Department made awards to four new community service facility proposals, representing 14.4 percent of competitive grant awards for the year. This also marked the highest proportion of funds awarded to this category since 1987. In **2000** and **2001**, the Department made only one award to a project in this category for 2000, and it entered one letter of credit for the subsequent program year.

Other Issues

The Department has noted recent fluctuations in the LMI benefit attributable to projects funded through the CDBG Program. As the CDBG PER has noted previously, in part this reflects the award of planning and community improvement grants directed at meeting the objective for the removal of slums and blight. Grants that have focused on job creation have also carried lower LMI benefits. At their outset, in particular, many of these projects tend to have lower LMI benefits than do comparable housing or community facility projects. At the back end, however, many projects demonstrate LMI benefits in excess of those originally proposed. To assure that benefit requirements continue to be satisfied, the Department continues to work to increase sub recipients' awareness of the importance of recognizing the importance of the needs of low- and moderate-income residents. Likewise, DHCD encourages all eligible localities to participate in the program and to design their projects with benefit to LMI persons as a primary characteristic.

Part II. CDBG Program Narrative

A. Assessment of CDBG Fund Use

As the information presented in tables in this section indicate, DHCD continues to direct CDBG program funds toward a wide array of needs that are consistent with overall program objectives and that reflect the specific needs of Virginia localities for improved housing, public facilities, public service facilities, economic development, and comprehensive redevelopment. In addition to the housing priorities included in the Action Plan, DHCD included five priorities and associated strategies for its CDBG program that address community development needs other than those related to housing. These included

PRIORITY: To assist local governments in increasing business and employment opportunities through economic development programs:

Providing financial and technical support for the acquisition, development, rehabilitation, or expansion of business and industrial sites and facilities,

Providing financial and technical support for the acquisition, development, and revitalization of commercial districts, and

Providing financial and technical support for the development of entrepreneurial assistance programs including microenterprise assistance, business incubators, and similar efforts.

PRIORITY: To assist local governments in improving neighborhoods and other areas through comprehensive community development programs:

Providing financial and technical support for the comprehensive improvement of residential areas.

PRIORITY: To assist local governments in improving the availability and adequacy of community facilities:

Providing financial and technical support for acquisition of sites or rights-of-way for community facilities such as water, sewer, drainage, and streets, and

Providing financial and technical support for the installation, rehabilitation, or improvement of community facilities such as water, sewer, drainage, and streets.

PRIORITY: To assist local governments in improving the availability and adequacy of community service facilities:

Providing financial and technical support for the acquisition of sites and/or structures for community services facilities, and

Providing financial and technical support for the construction, rehabilitation, or improvement of community service facilities.

CDBG-eligible communities have given a high priority to the areas of street, sewer and water, and commercial and industrial infrastructure. During the completed planning period, grantees completed 51 sewer and water projects, 10 street projects, assisted over 20 businesses, and through new and ongoing completed economic development projects assisted 2825 LMI individuals with jobs. Eleven micro-enterprise assistance projects, which have a medium priority, also received assistance.

Housing rehabilitation and other housing related activities, which eligible localities also identified as high priorities, improved the circumstances of 484 housing units—two-thirds of which served renters or owners with incomes at or below 50 of the applicable area median income.

B. Changes in Program Objectives

There were no amendments to the Consolidated Plan program priorities and objectives during the program year; however, there were several administrative changes included in the program design for 2002.

- ◆ The limit on the number of open contracts has been removed from the Multi-Contract Limitations although the dollar value limit of \$2.5 million remained in place.
- ◆ A statement was added to the Regional Projects policy indicating that multi-jurisdictional utility extensions and interconnections are generally not considered regional. Accordingly, such projects were generally not eligible for the maximum of \$2,000,000 in VCDBG assistance available for truly regional projects.
- ◆ The Letters of Intent policy was modified to limit the cumulative value of these letters to 30% of any one-year's CDBG allocation.
- ◆ Beginning in 2002, all Planning Grant funding was made available on an open basis.
- ◆ The Proposal Evaluation Criteria for Competitive Grants were slightly modified to emphasize the impact projects will have on local community development needs. This change in emphasis became evident during the 2002 Competitive Grant application period.
- ◆ The Community Development Innovation Fund was reduced from \$2,500,000 to \$2,000,000.

- ◆ Several localities shifted from one category to another under the Community Economic Improvement Fund, reflecting new poverty, unemployment, and income data.

C. Grantee Efforts in Carrying Out Plans

The state regularly monitors the progress of projects undertaken by its grantees. In the event that a grantee cannot complete a project as anticipated, then program funds can be reprogrammed to support other eligible projects or activities. Projects undertaken or completed during the reporting period are performed in accordance with the applicable Action Plan.

The state pursued all the resources included in its Action Plan for the program year, including CDBG, HOME, HOPWA, and ESG as well as other federal and state sources, including Department of Energy weatherization funds, Low Income Home Energy Assistance funds, available tax credits, and appropriated state general funds.

As the Agency responsible for the Consolidated Plan covering nonentitlement communities within Virginia, DHCD has reviewed requests for certification of consistency with the Consolidated Plan and provided them for 13 applicants seeking funding for a variety of competitive grants available through the 2003 Super NOFA. In addition, the agency has provided requested certifications of consistency for the annual and five-year plans of small public housing authorities lying within the area subject to the state's consolidated plan.

D. Meeting National Objectives

The State, through its allocation of CDBG funding to local grantees, has met the national objectives and complied with the overall benefit requirements for the program year as with previous program years. Because an essential criterion governing this program is that benefits primarily reach persons with low- and moderate-incomes, DHCD has consistently striven to assure that they remain far above the minimum threshold. As the accompanying tables illustrate, for the 2002 program year, as in the previous eighteen years, nearly all benefits have accrued to the target population. The percentage benefits from the most recent years may be expected to change—generally showing an increase—as projects are closed out.

CDBG LMI Benefits, 1984-1993 Program Years

Program Year	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
% LMI Benefit	96.8	100	100	100	100	100	100	98.9	99.3	99.3

CDBG LMI Benefits, 1994-2002 Program Years

Program Year	1994	1995	1996	1997	1998	1999	2000	2001	2002
% LMI Benefit	98.6	91.5	91.1	93.9	92.5	73.8	79.1	88.3	70.4

E. Activities Involving Occupied Real Property

DHCD's efforts to minimize displacement focus on securing the commitment of grantee localities to minimize the displacement of individuals, families, and businesses in implementing projects using state-administered CDBG funds. This includes direct displacement resulting from real property acquisition, rehabilitation, demolition, and conversion and any indirect displacement. In general, except in instance of disaster recovery operations, relocation has been associated with homeownership activities where households or individuals occupy units whose condition is so substandard that it cannot meet Section 8 housing quality standards. In the event that displacement is necessary, then agency personnel work with the local grantee to assure that proper notice is provided to the affected parties in accordance with Section 104(d) of the Community Development Act and the federal Uniform Relocation Act.

Localities seeking Community Improvement Grant funding must certify that they will minimize displacement at the local level and that they will follow a Residential Anti-displacement and Relocation Assistance Plan that includes a one-for-one replacement provision. Each recipient of Community Improvement Grant funding must provide financial benefits and advisory services to any individual or entity involuntarily and permanently displaced because of a CDBG-assisted activity. This assistance must be provided on an equitable basis.

During the recent program year, 20 relocation housing units were provided in accordance with these policies.

F. Economic Development Activities with CDBG Funds

As the responsible agency, DHCD works to assure that economic development projects funded through the state-administered CDBG program meet targeted levels for low- and moderate-income job opportunities. Potential grantees can use one of two approaches to meet their LMI benefit obligation. In the first approach, the project employs LMI persons in at least 51 percent of the available positions. The locality or assisted business enterprise(s) retains the documentation for the income status of employees. The alternative approach is to establish procedures ensuring that LMI persons receive first consideration for employment. In this case, the job qualifications must be limited to possession of a high school diploma or its equivalent and no special training may be required. The typical method for identifying an appropriate applicant pool is to use a third party single point of contact, such as the Virginia Employment Commission, for

screening. This contact will maintain all LMI documentation. The employer must hire only those persons screened by this third party. The agency may verify adherence to the policy by cross-referencing business employment rosters against the VEC record.

In addition, the required job creation must occur within three years of the completion of CDBG-funded improvements. All of the job creation requirements are incorporated into a formal agreement between the agency and the grantee. Businesses failing to meet the job requirements are subject to a non-performance penalty contained in these agreements.

During the most recent fiscal year, DHCD closed out 11 grants in which job creation was one of the elements of the project. The grants created 1,323 jobs, of which 951 (or 72 percent) were to meet LMI criteria. Based on information contained in the closeout reports for the affected grants, both the total number of jobs created and the LMI jobs created exceeded the original proposal. Over 56 percent of the total new jobs went to LMI candidates.

DHCD also attempts to assure that the State's distribution of program funds remains consistent with national program objectives and the priority objectives identified in the Consolidated Plan, the Action Plan, and the CDBG program design. The following table summarizes the overall distribution of funds for the years from 1982 through 1994 and the distribution for the most recent eight individual years.

Distribution of CDBG CIG Funds by State Objective and Program Year

Objective	1982-1994	1995	1996	1997*	1998**	1999	2000	2001	2002
Comprehensive Community Development	12.2%	31.0%	14.9%	19.7%	23.6%	36.18%	31.95%	40.80%	20.77%
Economic Development	19.8%	20.0%	36.9%	32.5%	29.8%	28.83%	34.94%	9.38%	24.68%
Housing	26.5%	21.0%	25.0%	18.4%	18.3%	15.36%	7.11%	13.30%	26.86%
Community Facilities	41.4%	25.0%	23.2%	22.7%	24.9%	16.42%	20.05%	32.15%	14.36%
Community Services Facilities	0.1%	2.0%	0.0%	6.7%	3.4%	3.20%	6.36%	4.37%	13.33%

*Total includes five 1996 letter of intent projects and second installments on previously funded multi-year housing rehabilitation projects.

**The economic development category for this year includes two local innovation projects that establish pilot individual development account programs in James City County and Damascus/Glade Spring. Comprehensive Community Development Projects include housing rehabilitation as well as public facility components.

To the degree that the applications received by the Department make it possible, DHCD attempts to meet the needs identified through its planning and public participation processes. Shifts in the pattern of distribution among priority objectives do not reflect the state's preference for one priority over another; instead, they mark the changing perceptions of grant applicants responding to local community needs. The variety of funded projects has helped Virginia's localities respond to the need for improvements in their economic and physical environments, reduce the incidence of blight, and respond to a variety of threats to the health, safety, and welfare of citizens.

The tables on the following pages summarize the competitive grants awarded funding from the 2002 funding round.

2002 Community Improvement Grants

Project Title and Locality	Funding		Project Description
Boiling Springs Housing Improvement Project – Phase I, Bens Run Road ALLEGHANY COUNTY	\$ 117,861 \$ 106,673 \$ 127,500 \$ 22,000 \$ 374,034	VCDBG IPR Federal Local TOTAL	The County will improve the Bens Run Road neighborhood in the Boiling Springs area through rehabilitation of five owner-occupied housing units and substantial reconstruction of three owner-occupied housing units. Four of these homes will be constructed by a crew from the County's Build A Better Future construction trades training program. The project will benefit 13 persons through housing improvement activities and 12 persons through Build a Better Future training, all of whom are low- and moderate-income.
Home Creek Water Project BUCHANAN COUNTY	\$ 1,000,000 \$ 500,000 \$ 595,510 \$ 100,000 \$ 399,854 \$ 1,191,844	VCDBG ARC Federal Private Local TOTAL	The County will provide public water to the Home Creek community through installation of approximately 41,750 linear feet of eight-inch water line, 12,900 linear feet of six-inch water line, 6,600 linear feet of four-inch water line, and 10,550 linear feet of three-quarter-inch service line, construction of two pump stations and one pit less pump station, installation of one 150,000 gallon storage tank and one 5,000 gallon storage tank, and installation of 30 fire hydrants and appurtenances. The project will benefit 502 persons, 323 of whom are low- and moderate-income.
Tower Road Water Improvements CARROLL COUNTY	\$ 799,754 \$ 60,000 \$ 163,850 \$ 1,023,604	VCDBG Private Local TOTAL	The County will provide public water to the Tower Road community through installation of approximately 14,216 linear feet of water line, construction of two wells, and construction of a 100,000-gallon storage tank. The project will benefit 200 persons, 164 of whom are low- and moderate-income.
Kimages Wayside Comprehensive Community Development Project CHARLES CITY COUNTY	\$ 500,000 \$ 113,400 \$ 38,500 \$ 40,380 \$ 692,280	VCDBG IPR Private Local TOTAL	The County will complete comprehensive improvements in the Kimages Wayside neighborhood including installation of a decentralized wastewater treatment system to serve 25 households, rehabilitation of seven owner-occupied housing units, substantial reconstruction of 13 owner-occupied housing units, provision of indoor plumbing to eight households, demolition of two derelict structures, and clearance of debris, weeds, and inoperable vehicles. The project will benefit 96 persons, 72 of whom are low- and moderate-income.

Project Title and Locality	Funding	Project Description
Community Housing Partners Youth Housing Project TOWN OF CHRISTIANSBURG	\$ 700,000 VCDBG \$ 2,373,473 Private \$ 3,073,473 TOTAL	The Town will enter into agreement with Community Housing Partners, Inc. to construct a 10,000 square foot building to provide housing for at-risk adolescent males. Tekoa, Inc., an affiliate of Community Housing Partners, will manage the housing and provide life skills training, psychological and behavioral support, employment skills training, health maintenance and education training, and general counseling and support to the residents. The project will benefit 20 persons, all of whom are low- and moderate-income.
Town of Columbia Revitalization Project TOWN OF COLUMBIA	\$ 718,185 VCDBG \$ 150,300 Local \$ 868,485 TOTAL	The Town will complete locality-wide comprehensive improvements including replacement of the substandard, privately-owned water system with a new public system, reconnection of all existing water customers to the new system plus new connection of four households, rehabilitation of two owner-occupied and three investor-owned housing units, substantial reconstruction of one housing unit, completion of façade improvements on dilapidated commercial buildings, and clearance of debris, weeds, and inoperable vehicles. The project will result in the elimination of all blighting conditions in Columbia and will benefit 49 persons, 27 of whom are low- and moderate-income.
Dendron Housing Rehabilitation Project TOWN OF DENDRON	\$ 500,000 VCDBG \$ 94,000 Private \$ 7,300 Local \$ 691,300 TOTAL	The Town will improve its residential areas through rehabilitation of 22 owner-occupied and two investor-owned housing units, substantial reconstruction of six owner-occupied housing units, and creation of homeownership opportunities for two renter households. This project will be complemented by the provision of town-wide public sewer using United States Department of Agriculture Rural Development funding. The project will benefit 104 persons, all of whom are low- and moderate-income.
Route 611 Water Project DICKENSON COUNTY	\$ 1,000,000 VCDBG \$ 500,000 ARC \$ 2,244,800 Federal \$ 3,744,800 TOTAL	The County will provide public water to the Route 611 area through installation of 116,160 linear feet of water line, construction of one pump station, and construction of one 100,000-gallon storage tank. The project will benefit 434 persons, 295 of whom are low- and moderate-income.

Project Title and Locality	Funding	Project Description
<p>Old Town Terrace / Cobbtown Comprehensive Community Development Project</p> <p>CITY OF FRANKLIN</p>	<p>\$ 625,000 VCDBG</p> <p>\$ 981,550 Private</p> <p>\$ 372,370 <u>Local</u></p> <p>\$ 1,978,920 TOTAL</p>	<p>The City will complete comprehensive improvements in the Old Town Terrace / Cobbtown neighborhood including installation of approximately 600 linear feet of six-inch water line including hydrants and 2,000 linear feet of eight-inch sewer line, completion of street repaving, sidewalks, and curb and gutter along Langston Street and Wilson Street, and rehabilitation of 13 owner-occupied and 12 investor-owned housing units. The City will complete, with the Franklin Redevelopment and Housing Authority, the redevelopment of the Langston Street residential area including acquisition of 11 parcels containing nine substandard housing units, provision of relocation assistance to seven renter households, demolition of substandard structures, and construction of 10 single-family and four duplex housing units for sale to or occupancy by low- and moderate-income persons. The project will benefit 100 persons, 88 of whom are low- and moderate-income.</p>
<p>Crossroads Rural Entrepreneurial Institute Project</p> <p>CITY OF GALAX</p>	<p>\$ 700,000 VCDBG</p> <p>\$ 800,000 State</p> <p>\$ 4,000,000 <u>Federal</u></p> <p>\$ 5,500,000 TOTAL</p>	<p>The City will collaborate with Wytheville Community College, neighboring localities, area school systems, and other stakeholders to acquire a vacant commercial building that once housed a Lowe's store and convert this building into the Crossroads Rural Entrepreneurial Institute. This Institute is comprised of three centers, which will provide education, job training, and small business incubation services to area residents. The project will benefit 179 new persons in the first year of offering these services through the Institute, 109 of whom are low- and moderate-income.</p>
<p>Mockingbird Lane Housing Rehabilitation Project</p> <p>GRAYSON COUNTY</p>	<p>\$ 517,120 VCDBG</p> <p>\$ 18,000 <u>Local</u></p> <p>\$ 535,120 TOTAL</p>	<p>The County will improve the Mockingbird Lane neighborhood through rehabilitation of 13 owner-occupied, three investor-owned housing units, and substantial reconstruction of four owner-occupied housing units. The project will benefit 46 persons, all of whom are low- and moderate-income.</p>
<p>Whitetop Community Center</p> <p>GRAYSON COUNTY</p>	<p>\$ 700,000 VCDBG</p> <p>\$ 284,101 ARC</p> <p>\$ 587,301 State</p> <p>\$ 446,234 <u>Local</u></p> <p>\$ 2,017,636 TOTAL</p>	<p>The County will construct a 6,100 square foot building for delivery of services to the Whitetop community. Services to be provided include employment and training assistance by the Virginia Employment Commission, Head Start, Community Action Agency outreach services, migrant and indigent medical care and health counseling, telemedicine services, and senior citizen nutrition programs. The project will benefit approximately 331 households, 267 of which are low- and moderate-income occupied.</p>

Project Title and Locality	Funding	Project Description
Grundy Downtown Redevelopment Site Infrastructure Project TOWN OF GRUNDY	\$ 700,000 VCDBG \$ 300,000 Federal \$ 403,700 Local \$ 1,403,700 TOTAL	The Town will install approximately 4,200 linear feet of 10-inch water line, approximately 4,100 linear feet of eight-inch sewer line, approximately 4,000 linear feet of storm drain, and 9,600 linear feet of fiber optic conduit to support the location of new businesses and relocation of existing businesses from the existing flood-prone downtown to the new 13-acre redevelopment site. The project will result in the elimination of all blighting conditions in downtown Grundy.
Fieldale Housing Rehabilitation Project HENRY COUNTY	\$ 500,000 VCDBG \$ 15,450 Local \$ 515,450 TOTAL Multi-Year	The County will improve the Fieldale community through rehabilitation of 26 owner-occupied and one investor-owned housing units, substantial reconstruction of two owner-occupied housing units, and clearance of debris, weeds, and inoperable vehicles. The project will benefit 71 persons, all of whom are low- and moderate-income.
North Iron Gate Housing Rehabilitation Project TOWN OF IRON GATE	\$ 654,003 VCDBG \$ 654,003 TOTAL	The Town will improve its northeastern residential area through the rehabilitation of 17 owner-occupied and two investor-owned housing units and the substantial reconstruction of one owner-occupied housing unit. The project will benefit 48 persons, all of whom are low- and moderate-income.
Town of Kenbridge Downtown Revitalization TOWN OF KENBRIDGE	\$ 694,766 VCDBG \$ 693,283 State \$ 240,000 Private \$ 80,000 Local \$ 1,708,049 TOTAL	The Town will revitalize its downtown through façade improvements on 51 commercial buildings, relocation and reconnection of utility lines, installation of 27,511 square feet of sidewalk, installation of drainage improvements and curb and gutter, and installation of street lights, trash receptacles, and other landscaping improvements. The project will result in the elimination of all blighting conditions in downtown Kenbridge.
Goodrich-Davenport Neighborhood Project TOWN OF LAWRENCEVILLE	\$ 350,000 VCDBG \$ 37,479 Local \$ 387,479 TOTAL	The Town will complete comprehensive improvements in the Goodrich-Davenport including installation of 2,550 linear feet of curb and gutter, completion of roadway and storm drainage improvements, replacement of 200 linear feet of six-inch water line, rehabilitation of three owner-occupied and two investor-owned housing units, substantial reconstruction of one owner-occupied housing unit, demolition of two dilapidated structures, and clearance of debris, weeds, and inoperable vehicles. The project will benefit 30 persons, 23 of whom are low- and moderate-income.

Project Title and Locality	Funding	Project Description
Town of Madison Central Business District Revitalization MADISON COUNTY	\$ 700,000 VCDBG \$ 52,830 State \$ 376,125 Fed.Grant \$ 12,500 Fed.Loan \$ 110,000 Private \$ 41,700 Local \$ 1,293,155 TOTAL	The County will revitalize downtown Madison through façade improvements on 12 buildings, construction of 2,000 linear feet of new six-inch water line, reconstruction of sidewalks and drainage components, creation of a revolving loan pool, and installation of gateway treatments and other landscaping improvements. The project will result in the elimination of all blighting conditions in downtown Madison.
Free Clinic of New River Valley Relocation and Expansion Project MONTGOMERY COUNTY	\$ 499,700 VCDBG \$ 95,426 Private \$ 43,500 Local \$ 638,626 TOTAL	The County will renovate a 8,044 square foot building to serve as a permanent, expanded location for the Free Clinic of the New River Valley. This will allow the Free Clinic, which serves low-income citizens lacking health insurance, to serve more patients and to expand the services it offers. This project will benefit approximately 2700 persons, all of whom are low- and moderate-income.
Mount Jackson Downtown Housing Project TOWN OF MOUNT JACKSON	\$ 800,000 VCDBG \$ 350,000 State \$ 99,950 Federal \$ 456,953 Private \$ 70,000 Local \$ 1,776,903 TOTAL	The Town will improve its downtown through rehabilitation of 14 existing apartments, production of 12 new apartments in existing downtown buildings, and completion of façade improvements on participating buildings. The Town will further enhance its downtown with parking, landscaping, and community facility improvements and development of a micro-loan program for downtown businesses. This project will benefit 38 persons, all of whom are low- and moderate-income.
East Pamplin Neighborhood Revitalization Project TOWN OF PAMPLIN	\$ 992,369 VCDBG \$ 210,000 IPR \$ 155,000 Federal \$ 5,000 Private \$ 9,000 Local \$ 1,371,369 TOTAL Letter of Intent	The Town will complete comprehensive improvements in the East Pamplin neighborhood including construction of a sewer collection system and mass drainfield to serve 26 households, rehabilitation of 11 owner-occupied and 15 investor-owned housing units, substantial reconstruction of nine owner-occupied housing units, demolition of nine dilapidated structures, connection of four households to the water system, and clearance of debris, weeds, and inoperable vehicles. The project will benefit 59 low- and moderate-income.
Pennington Gap Downtown Revitalization Project TOWN OF PENNINGTON GAP	\$ 1,000,000 VCDBG \$ 764,010 Private \$ 325,935 Local \$ 2,089,945 TOTAL	The Town will revitalize its downtown through installation of 3,045 linear feet of storm drainage pipe and 2,250 linear feet of sidewalks, rehabilitation / construction of 25 upper-story apartments, demolition of five dilapidated structures, completion of streetscape improvements, and creation of 36 public parking spaces. The project will result in the elimination of all blighting conditions in downtown Pennington Gap and the housing production activities will benefit 38 low- and moderate-income persons.

Project Title and Locality	Funding	Project Description
Dante Lower Straight Hollow Housing Rehabilitation Project RUSSELL COUNTY	\$ 500,000 VCDBG \$ 30,000 Local \$ 530,000 TOTAL	The County will improve the Lower Straight Hollow neighborhood in the Dante community through rehabilitation of 14 owner-occupied housing units and substantial reconstruction of two owner-occupied housing units. The project will benefit 38 persons, all of whom are low- and moderate-income.
Dry Creek Housing Rehabilitation Project SCOTT COUNTY	\$ 607,750 VCDBG \$ 45,500 IPR \$ 1,150,670 State \$ 30,000 Federal \$ 14,600 Local \$ 1,848,520 TOTAL	The County will improve the Dry Creek neighborhood by rehabilitating six owner-occupied and five investor-owned housing units, substantial reconstruction of seven owner-occupied housing units, demolition of three vacant, substandard structures, cleaning and regrading 17,500 linear feet of drainage ditch, and installation of a retaining wall and guard rail along neighborhood roads. This project will be complemented by the provision of public water to the neighborhood through a previous Virginia Department of Health funding award. The project will benefit 120 residents, 82 of whom are low- and moderate-income.
Shepherd's Gate Community Project TOWN OF SOUTH BOSTON	\$ 1,231,591 VCDBG* \$ 9,924 Local \$ 1,241,515 TOTAL * Offered \$815,422	The Town will complete comprehensive improvements in the Shepherd's Gate neighborhood including installation of 4,800 linear feet of eight-inch water line, installation of 5,310 linear feet of eight-inch sewer line, rehabilitation of six owner-occupied and five investor-owned housing units, construction of storm drainage improvements and a taper road along Route 460, demolition of one dilapidated structure, and clearance of all debris, weeds, and inoperable vehicles. The project will benefit 84 persons, 55 of whom are low- and moderate-income.
South Hill Downtown Revitalization Project TOWN OF SOUTH HILL	\$ 700,000 VCDBG \$ 1,921,835 Federal \$ 106,000 Private \$ 419,789 Local \$ 3,077,624 TOTAL	The Town will revitalize its downtown through completion of site improvements on the Market Square property, acquisition of two vacant blighted property and one blighted site, façade improvements to 39 buildings, adaptive reuse of a 24,000 square foot building, construction of 16,504 square feet of new sidewalk along Danville Street, Brunswick Avenue, and West Main Street along with lights, utility relocation, and landscaping, construction of 1,869 square feet of new sidewalks, crosswalks, landscaping, and traffic signals near the intersection of Mecklenburg Avenue and Danville Street, and gateway signage and wayfinding improvements. The project will result in the elimination of all blighting conditions in downtown South Hill.
Washington County Affordable Housing Project	\$ 1,159,042 VCDBG \$ 580,190 State	The County will partner with People, Inc., a local non-profit organization, to acquire and rehabilitate 100 units of affordable housing in the Washington County area.

Project Title and Locality	Funding	Project Description
Subdivision Project WASHINGTON COUNTY with the TOWN OF GLADE SPRING	\$ 172,000 Federal \$ 100,000 Private \$ 933,749 Local \$ 2,944,981 TOTAL	feet of sewer line, 2,750 linear feet of water line, 3,450 linear feet of paved roadway, and complete earthwork activities to develop 22 lots for new single-family housing units, all of which will be targeted for low- and moderate-income households. The County and People, Inc. will oversee construction of houses on all of the lots. The project will benefit 70 persons, all of whom are low- and moderate-income. The Town will improve the Grace Street neighborhood through the rehabilitation of 14 owner-occupied housing units, substantial reconstruction of one owner-occupied housing unit, demolition of one dilapidated structure, and completion of area drainage improvements. The project will benefit 58 persons, 41 of whom are low- and moderate-income.
Monroe Hall Neighborhood Improvement Project WESTMORELAND COUNTY	\$ 625,000 VCDBG \$ 500,000 IPR \$ 220,000 Federal \$ 64,000 Private \$ 134,400 Local \$ 1,543,400 TOTAL	The County will complete comprehensive improvements in the Monroe Hall neighborhood including installation of approximately 3,900 linear feet of eight-inch water line, 2,000 linear feet of six-inch water line, two water supply wells and a pump station, installation of approximately 5,400 linear feet of six-inch vacuum sewer line, 8,200 linear feet of four-inch vacuum sewer line, vacuum pits and appurtenances, rehabilitation of nine owner-occupied and two investor-owned housing units, substantial reconstruction of nine owner-occupied housing units, creation of homeownership opportunities for eight households by acquiring eight lots and constructing eight housing units, demolition of 18 vacant structures, completion of drainage improvements, and clearance of debris, weeds, and inoperable vehicles. The project will benefit 105 persons, 92 of whom are low- and moderate-income.
North Kent Street Corridor / North Cameron Street Corridor Revitalization Project CITY OF WINCHESTER	\$ 900,706 VCDBG \$ 504,000 State \$ 787,591 Federal \$ 2,733,672 Private \$ 441,000 Local \$ 5,366,969 TOTAL	The City will revitalize the North Kent Street / North Cameron Street business area through renovation and expansion of a 19,750 square foot building to provide space for five community service and health agencies and renovation of a 7,200 square foot building to serve as a community services building and conference center. These building renovations will be completed in partnership with Our Health, Inc., a local non-profit organization. The City will also renovate a 2,500 square foot train station to serve as a museum, complete façade improvements, roofs, repainting, and interior renovations for two buildings, demolish a 2,000 square foot addition and old public safety building at the rear of the George Washington Hotel, demolish the Allegheny substation and three other dilapidated buildings, and install streetlights, sidewalks, walkways, landscaping and other improvements in the general area. The project will result in the elimination of all blighting conditions in the North Kent Street / North Cameron Street revitalization area.

Project Title and Locality	Funding	Project Description
South Fork Water Extension Project WISE COUNTY	\$ 1,000,000 VCDBG \$ 500,000 ARC \$ 1,650,000 State \$ 105,900 <u>Local</u> \$ 3,255,900 TOTAL Letter of Intent	The County will provide a public water system to the South Fork community through installation of approximately 10,800 linear feet of 10-inch water line, 39,330 linear feet of eight-inch water line, 36,640 linear feet of six-inch water line, 10,500 linear feet of four-inch water line, 10,000 linear feet of one- and two-inch service line, and 18,132 linear feet of ¾-inch water line. This project will provide indoor plumbing to three houses that currently lack these facilities. The project will benefit 695 persons, 437 of whom are low- and moderate-income.

Local Innovation Grants

Project Title and Locality	Funding	Project Description
Hammering in the Hills GLEN LYN, TOWN OF	\$ 62,826 VCDBG \$ 13,000 State \$ 77,302 <u>Local</u> \$ 153,128 TOTAL	The Town will use the funds to support the Hammering in the Hills construction-training program. The program will train eight low-to moderate-income individuals in basic carpentry, plumbing, electrical wiring, masonry and dry-wall installation in the next year. By the end of the two training modules, four houses occupied by low-to moderate-income households will be rehabilitated by the students.
Highland Telemedicine Project HIGHLAND COUNTY	\$ 33,724 VCDBG \$ 5,000 State \$ 5,000 Local \$ 10,000 <u>Private</u> \$ 53,724 TOTAL	The County will install T-1 lines and telemedicine equipment at the Highland Medical Center. This hardware will allow specialists to provide telemedicine consultations to 90 low-to moderate-income patients during the next two years and will relieve patients of the burden of traveling great distances to receive adequate medical care.
Independence Electronic Village TOWN OF INDEPENDENCE	\$ 80,000 VCDBG \$ 138,472 Federal \$ 65,000 <u>Local</u> \$ 283,472 TOTAL	The Town will construct fiber optic infrastructure that will provide a broadband telecommunications network for the Town's 200 residents, 40 commercial businesses, educational facilities, five industries, and area health care providers. This network will facilitate economic development efforts and the development of the provision of telemedicine services and provide benefit to the entire Town where over 51% of the residents are low-to moderate-income
Individual Development Account Program RADFORD CITY	\$ 100,000 VCDBG \$ 10,000 <u>Federal</u> \$ 110,000 TOTAL	The City will collaborate with a non-profit organization, Beans and Rice, Inc., to establish Individual Development Accounts for twenty-eight low-to moderate-income individuals. These accounts will provide financial support for post-secondary education, job-skills training, homeownership and entrepreneurship. All individuals for whom an account is established will receive economic literacy training and continued personal financial counseling.

Project Title and Locality	Funding	Project Description
Konnarock Telemedicine Project SMYTH COUNTY	\$ 26,500 VCDBG \$ 2,000 Federal \$ 28,500 TOTAL	The County will install T-1 lines and telemedicine equipment at the Konnarock Family Health Care Center. This hardware will allow medical specialists to provide telemedicine consultations to 180 low-to moderate-income Konnarock community residents in the next year and relieve patients of the burden of traveling great distances to receive adequate medical care.
Appalachian Regional Community Head Start Food Distribution Center WISE COUNTY	\$ 90,000 VCDBG \$ 8,000 Private \$ 98,000 TOTAL	The County will use the funds to support the construction of a food distribution center that will be owned and operated by Arches, Inc., a non-profit organization. Once the 6,000 square foot refrigerated food distribution center is constructed, over 2,000 low-to moderate-income individuals will be served each month.

Urgent Need Grants

Project Title and Locality	Funding	Project Description
Appalachia Raw Water Line Flood Mitigation Project—Urgent Need TOWN OF APPALACHIA	\$ 185,300 VCDBG \$ 2,000 Local \$ 187,300 TOTAL	In March of 2002, the Town of Appalachia's water source was threatened by severe flooding. The flooding caused significant erosion, which uncovered sections of the Town's high- and low-pressure transmission lines. This project will permanently address erosion issues by installing 6,500 linear feet of bedding material, 40 linear feet of 48-inch culverts, 40 linear feet of 24-inch culverts and 6,500 linear feet of paved or concrete ditch.
Hurley Flood Recovery Project BUCHANAN COUNTY	\$ 700,000 VCDBG \$ 500,000 IPR \$ 1,200,000 TOTAL	In May of 2002, the community of Hurley was flooded, severely damaging or destroying over 200 houses and businesses, leaving 90 families homeless. The project includes acquisition, site work and utility construction for new sites out of the flood plain, rehabilitation and reconstruction of flood-damaged low-to moderate-income houses, financial assistance packages to non-LMI households to assist in recovery from the flood, and the drilling of wells and installation of septic systems.

Community Economic Improvement Fund

Project Title and Locality	Funding	Project Description
Activewear HENRY COUNTY	\$ 183,744 VCDBG \$ 5,000,000 Private \$ 45,936 Local \$ 5,230,180 TOTAL	Install sewage lift station and force main to serve operations of Activewear, Inc. factory providing employment to 236 persons, of which 121 will held by or available to LMI persons.

Project Title and Locality	Funding	Project Description
Route 340 North Economic Development Project	\$ 183,744 VCDBG \$ 15,000,000 Private \$ 116,000 Local	Install water and sewer line improvements to serve expanded industrial operations.
PAGE COUNTY	\$ 15,579,000 TOTAL	

Self Help Grants

Project Title and Locality	Funding	Project Description
South Mountain Water WISE COUNTY	\$ 260,000 VCDBG	Provide water line extensions under the Self-Help program to serve 36 households in the South Mountain area of Wise County.
Drill Mountain Water BUCHANAN COUNTY	\$ 121,500 VCDBG \$ 83,500 ARC	Provide water line extensions under the Self-Help program to serve 47 households in the Drill Mountain area of Buchanan County.
Tilda Anderson Branch Water DICKENSON COUNTY	\$ 41,500 VCDBG \$ 41,500 ARC	Provide water line extensions under the Self-Help program to serve 14 households in Buchanan County.
Powell Mountain Water GILES COUNTY	\$ 100,000 VCDBG	Provide water line extensions under the Self-Help program to serve 11 households in Giles County.

Prior Year Letters of Intent

Project Title and Locality	Funding	Project Description
Wise House Assisted Living Project TOWN OF COEBURN	\$ 700,000 VCDBG	The Town will acquire a site within the Town limits, complete site preparation activities including grading and installation of utilities, and install 20 modular housing units for occupancy by County residents requiring housing with supportive services. These modular units will be constructed off-site at a manufacturing facility developed by the Wise County Redevelopment and Housing Authority. The Town will also construct a 1,250 square foot community center wherein assisted living residents will be provided with meals, health screenings, and similar services. This \$1,444,588 project will benefit 31 persons, all of whom have low- or moderate-incomes.
Giles Health and Family Center TOWN OF PEARISBURG	\$ 363,000 VCDBG	The Town will acquire former pharmacy building in central Pearisburg and convert it into operating space for adult day care, a Giles County branch for the New River Valley free clinic, and the Giles County Partnership for Excellence Foundation. This \$695,595 project will benefit at least 381 persons, 314 of whom have low- or moderate-incomes.

Project Title and Locality	Funding	Project Description
Centennial Road Community Improvement Project PRINCE GEORGE COUNTY	\$ 650,000 VCDBG.	The County will create homeownership opportunities for 13 households in the Centennial Road community, rehabilitate 3 of these units to DHCD Housing Quality Standards, reconstruct 10 of these units, install a sewer system which will serve the entire community, construct a screening fence at a neighborhood garage, and remove debris and 205 abandoned vehicles. This \$1,102,750 project will benefit 14 households and 33 persons, 29 of who have low- or moderate-incomes.

Multi-Year Projects

Project Title and Locality	Funding	Project Description
ACCOMACK	\$ 435,000 VCDBG	Part II
COVINGTON	\$ 487,000 VCDBG	Part II

Dry Well

Project Title	Funding	Project Description
Dry Well	\$ 1,000,000 VCDBG	Funding for new wells for LMI citizens who have lost water sources due to the extended drought of 2001-2002.

Planning Grant Awards

Locality	Award	Locality	Award
CUMBERLAND COUNTY	\$25,000	MECKLENBURG COUNTY	\$25,000
TOWN OF SMITHFIELD	\$20,000	WILLIAMSBURG CITY	\$25,000
TOWN OF BOYDTON	\$8,500	TOWN OF LOUISA	\$25,000
TOWN OF BLACKSTONE	\$25,000	TOWN OF PAMPLIN	\$25,000
TOWN OF SOUTH HILL	\$3,000	TOWN OF LURAY	\$25,000
COVINGTON CITY	\$20,000	PAGE COUNTY	\$25,000
TOWN OF BLACKSBURG	\$25,000	RUSSELL COUNTY	\$25,000
KING WILLIAM COUNTY	\$25,000	WASHINGTON COUNTY	\$25,000
TOWN OF ALBERTA	\$25,000	WYTHE COUNTY	\$25,000
HALIFAX COUNTY	\$25,000	TOWN OF ROCKY MOUNT	\$15,000
TOWN OF PEARISBURG	\$25,000	TOWN OF PULASKI	\$25,000
MARTINSVILLE CITY	\$25,000		

Tables in the following section of the APR summarize the primary achievements in non-housing areas. Additional information on specific projects is contained in the Performance Evaluation Report (PER), which DHCD's Community Development Division prepares and which is also available for public review and comment.

**Summary of Community Development Accomplishments
for Public Facilities and Improvements
Commonwealth of Virginia 1987 Through 2002 Program Years**

Priority Need Category	Priority	Actual Number of Projects Assisted 1987-2000	Actual Number of Projects Completed 1987-2000	Actual Number of Projects Assisted			Actual Number of Projects Completed in		
				2000	2001	2002	2000	2001	2002
Public Facilities	H								
Senior Centers		2	2	1		1			
Handicapped Centers		3	3						
Homeless Centers									
Youth Centers	H	1				1			
Neighborhood Facilities	H	4	4	1	3	2			1
Child Care Centers	M				1				
Parks and/or Recreation Facilities	M				4				
Health Facilities	H	4	2	1		4	1		
Parking Facilities	L								
Abused/Neglect Facilities									
AIDS Facilities									
Other Public Facilities	M	7	6	1		1*			
Public Improvements									
Solid Waste Improvements	M								
Flood/Drainage Improvements	M	51	47	4	17	1	4	3	
Street Improvements	H	87	78	6	41	6	7	3	
Sidewalk Improvements		3	3		5	2			

Priority Need Category	Priority	Actual Number of Projects Assisted 1987-2000	Actual Number of Projects Completed 1987-2000	Actual Number of Projects Assisted			Actual Number of Projects Completed in		
				2000	2001	2002	2000	2001	2002
Sewer and Water Improvements	H	350	248	32	13	19	20	31	
Asbestos Removal									
Other Infrastructure									

*Food Bank

**Summary of Community Development Accomplishments
for Economic Development
Commonwealth of Virginia 1987-2002 Program Years**

Priority Need Category	Priority	Actual Number of Businesses Assisted 1987-2000	Actual Number of Persons Assisted with Jobs 1987-2000	Actual Number of LI Persons Assisted with Jobs 1987-2000	Actual Number of MI Persons Assisted with Jobs 1987-2000	Actual Number of Businesses Assisted 2001	Actual Number of Persons Assisted with Jobs 2001	Actual Number of LI Persons Assisted with Jobs 2001	Actual Number of MI Persons Assisted with Jobs 2001
Economic Development	M								
Commercial/Industrial Rehab	M								
Commercial/Industrial Infrastructure	H	99	10,447	6,933		10	1,680	945	
Other Commercial/Industrial	L								
Micro-Enterprises	M	13	9	48		11			
Other Business									
Technical Assistance	M								
Other Economic Development	M	*3							

*Local Innovation Program [Individual Development Accounts]

- Damascus/Glade Spring (proposed 30 benefits-30 LMI)
- James City County (proposed 39 benefits-39 LMI)

- Floyd Co. (proposed 18 benefits-15 LMI)
- Pulaski County (proposed 40 benefits-40 LMI)

Priority Need Category	Priority	Actual Number of Businesses Assisted 2002	Actual Number of Persons Assisted with Jobs 2002	Actual Number of LI Persons Assisted with Jobs 2002	Actual Number of MI Persons Assisted with Jobs 2002
Economic Development	M				
Commercial/Industrial Rehab	M	5	1296	936	
Commercial/Industrial Infrastructure	H	10	27	15	
Other Commercial/Industrial	L				
Micro-Enterprises	M	0			
Other Business					
Technical Assistance	M				
Other Economic Development	M	4			

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III. HOME Funds Narrative

Relationship of HOME Program to the Consolidated Plan

Beginning in Fiscal Year 1996, the Department of Housing and Urban Development required a consolidated planning process for the recipients of HOME Investment Partnership (HOME), Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) formula programs. The Consolidated Plan process replaces the planning, application, and reporting processes associated with the Comprehensive Housing Affordability Strategy (CHAS). The new process envisions that housing and community development planning and programming will be facilitated by a comprehensive approach to identifying and meeting the needs of Virginians by providing increased opportunities for collaboration and cooperation. The programming for the HOME Investment Partnership (HOME) Program is thereby included in an overall plan for the use of federal and state resources directed to housing and community development.

Citizen participation was incorporated in the development of the 2000-2002 Commonwealth of Virginia Consolidated Plan through a series of regional public hearings in which information on local and regional housing and community development needs was solicited and strategies, objectives, and priorities were developed to address these needs. Additionally, the Virginia Department of Housing and Community Development was required to prepare and submit to the U.S. Department of Housing and Urban Development, a one-year action plan for implementing the federally funded HOME, CDBG, ESG, and HOP WA programs.

The Virginia Department of Housing and Community Development's HOME activities are therefore governed by the priorities as identified through the consolidated planning process and by following the Virginia Department of Housing and Community Development agency mission statement.

Mission Statement

The Department of Housing and Community Development proposes to implement its housing programs through partnerships with local governments, nonprofit housing organizations, private for-profit, and other state agencies. In doing so the Department will continue to implement its strategy to collaborate with Virginia's communities to fully develop their economic potential and create a healthy, safe and affordable living environment.

In carrying out this mission, the Department of Housing and Community Development advances market-oriented initiatives which expand homeownership, entrepreneurship and other asset development opportunities;

encourages grassroots leadership; leverages private sector resources in the delivery of housing services; removes regulatory barriers to affordable housing; and empowers individuals, families, and communities to take control of their own destinies.

Priorities for Assistance

Virginia identified eight priorities (also considered the State's housing goals) that governed the State's housing activities in program year 2002:

- Expand rental housing opportunities for low- and very low-income people by increasing the stock of affordable, accessible, decent rental housing and economic self-sufficiency among tenants;
- Support homeownership housing opportunities for low- and very low-income people by expanding first-time buyer opportunities, preserving the existing stock, and increasing economic self-sufficiency;
- Expand the housing available for populations who require some level of supportive services;
- Provide support and coordinate services to meet the needs of the homeless.
- Develop partnerships at the State, local, community, and regional levels which facilitate coordinated use of resources and shared accountability; and
- Increase the number of housing providers in under served areas in the State, and expand the capacity of all housing providers to deliver affordable, appropriate housing.
- Assist local governments in conserving and improving housing
- Develop partnerships at the State, local, community and regional levels that facilitate coordinated use of resources and shared accountability.

The first four priorities address clients assisted under the HOME program while the last two address the system the State uses to deliver housing resources. The use of HOME funds is primarily in the areas of homeownership, although it is also used for the rehabilitation of existing units and to facilitate homeownership with new first-time homebuyers. Other uses include development of affordable multifamily rental units, and organizational as well as technical capacity building with Community Housing Development Organizations (CHDOs).

SERVING CLIENTS - PROGRESS IN PROVIDING AFFORDABLE HOUSING

DHCD has continued to use its available resources, including HOME funds, to provide affordable housing in areas of greatest need for a wide array of activities through existing State housing programs. Resources have been structured to make the project affordable from a development standpoint and provide long-term affordability to tenants and homeowners.

A. AFFORDABLE HOUSING PRESERVATION AND PRODUCTION PROGRAM

DHCD has continued to use the available resources, including HOME funds, for a wide array of activities using existing State housing programs to provide affordable housing in areas of greatest need. The structure of these resources makes projects feasible from a development standpoint while providing long-term affordability for tenants and homeowners. DHCD's Affordable Housing Preservation and Production Program (AHPP) emphasizes targeting rental projects and some single-family homeownership projects that serve lower income households, specifically families and individuals earning at or below 60 percent of the area median income (AMI). The AHPP program also targets projects that have funding gaps between the actual cost and committed resources. Through the AHPP program, DHCD attempts to balance the financial viability of each project with its public purpose. DHCD has also chosen to meet its mandatory 15% CHDO set-aside funding in accordance with the HOME Program administration requirements through the AHPP program. 15% of the State's HOME grant allocation or \$2,023,350 was restricted to state-certified Community Housing Development Organizations (CHDOs) through the AHPP program, although the state planned called for a total of \$3,170,050 in HOME funding to be allocated to the AHPP program from FFY2002 funds.

The AHPP program has targeted smaller, harder-to-develop projects commonly found in rural areas, small towns, or those under development as part of a larger urban revitalization plan. The AHPP program provides flexible, below-market-rate loans to fill the gap in permanent financing for the creation and preservation of affordable housing for lower-income individuals and families. AHPP funds are intended for use with other types of financing including, but not limited to, low-income housing tax credits, bond financing and other public and private funds.

HOME funded units require a minimum \$7,500 per unit HOME investment. Households below 60 % of AMI must occupy all HOME-assisted units with twenty percent of the units set aside for households below 50 % of AMI. DHCD will consider applications from CHDOs certified by the state for projects in HOME and CDBG entitlement communities if there is a local match equal to 25 % of the funds requested through the AHPP.

Projects funded under the AHPP program often require a greater amount of technical assistance from the Department, and may have higher per unit development costs. The Department attempts to balance the financial viability of the project with its public purpose. DHCD has committed the following affordable housing projects this fiscal year. Each of these is a HOME project approved for a commitment of funds and/or closed during the 2003 fiscal year:

PROJECT TYPE	PROJECT NAME	DEVELOPER	LOCATION	AMT. OF HOME \$ COMTD.	TDC	# UNITS
RENTAL	Fifeville	AHIP	Charlottesville	\$ 213,807	\$ 344,807	4
RENTAL	Brickrow Apts.	Community Housing Partners	Pulaski	\$ 75,000	\$ 492,992	4
LEASE PURCHASE	Bayview Rental Housing	Bayview Citizens for Social Justice	Eastern Shore	\$ 890,459	\$ 963,848	10
RENTAL	Elder Spirit Community	Trail View Development	Abingdon	\$ 636,489	\$ 1,516,661	16
RENTAL	Northway Apts	Community Housing Partners	Galax	\$ 430,000	\$ 2,979,311	72
RENTAL	Heritage Pines	Housing Opportunities Made Economical	Caroline Co.	\$ 435,000	\$ 1,285,000	21
RENTAL	Find II	Virginia Supportive Housing	Richmond	\$ 185,000	\$ 337,400	4

Note that these funds will continue to be committed through 2004. Following is a description of the each of the projects approved for a commitment of funds and/or closed during the 2003 fiscal year:

Fifeville Housing

The proposed Fifeville Housing project is for the acquisition and rehabilitation of four single-family homes in the Fifeville neighborhood of Charlottesville. Each of the Homes has 3 bedrooms and one bath and they range from 1110 to 1424 square feet. Two of the units will be sold to income eligible families while the remaining two will be leased to families referred by RHA who are participating in the City of Charlottesville's Home Buyer Club. One of the four units will be reserved for a family at or below 50% AMI and the remaining three units will be reserved for families at or below 60%AMI. Proposed rents will be \$347, \$450, \$573, and \$701. The homes will be substantially rehabilitated each having a private yard. Finance

Brick Row Apartments

The proposed Brick Row Apartments Project will create 6-units of affordable housing. The facility will consist of 6 two-bedroom units developed for Charlottesville's low-income population. The two-bedroom units will have 1,1/2

baths. The proposed rents for the two-bedroom unit's will range \$434 per month to \$444 per month. One hundred percent of the units will be reserved for residents at 50%. Total development cost for this project is estimated at \$492,992 (approx. \$82,165 per unit). The construction cost including A&E is \$440,184 (approx. \$73,364 per unit). With an after-rehabilitation appraised value of \$1,000,000, the loan to value ratio is 66%. The \$75,000 HOME loan will have a 3% interest only rate fully amortized for 15 years with a 15-year term. The total development cost for the project is \$346,644. In addition the City of Charlottesville will be granting \$20,937 HOME funds and the project developer will contribute \$1,900 in equity. First Virginia Bank will provide construction financing in the amount of \$320,000. There is no developer's fee in the project. Total cost per unit is \$86,661, which includes acquisition, construction, land improvements, overhead, profit and soft costs. With an appraised value of \$380,000 the loan to value ratio is 82.21%. DCR is 1.11. The HOME loan will have an interest rate of 3% with principle forgiven at the end of the 25-year term.

Bayview Lease Purchase Town homes

The proposed Bayview Lease Purchase Town homes will create 12-units of affordable housing. The newly constructed units will consist of 12 single-family detached houses for the Eastern Shore's low-income population. All units will have 3-bedrooms with 1 1/2 baths and will have 1100 square feet of livable area. Proposed rent for the units will be \$420 per month for 36 months then will be sold to existing tenant or resulting qualified buyer. All of the units will be reserved for residents at 50% AMI. Total development cost for this project is estimated at \$1,041,649 (approx. \$86,804 per unit). The construction cost excluding A&E is \$774,720 (approx. \$64,560 per unit). The \$726,374 funding for this project will be offered as a grant and will be dispersed in four installments during the construction phase. Completed houses will be added to the Deed of Trust as security for the grant.

Elder Spirit Community

The proposed Elder Spirit Community Project will create 16-units of affordable housing, ten of the 16 units will be funded through the HOME program and the remaining 6 units by VHDA Virginia Housing Fund. The facility configuration will consist of 9 one-bedroom units, and 1 two-bedroom unit created for Southwest Virginia's low-income elderly population. All units will have one full bath. The one-bedroom units will have a square foot range of 590 to 787 while the two-bedroom unit will have 960 SFLA. Proposed rents for the one-bedroom units will range from \$290 to \$350. The two-bedroom unit rents will be \$450. Ninety percent of the units will be reserved for residents at or below 60% AMI while ten percent of the units will be reserved for 50% AMI. The remaining six units will be reserved for market rents.

This project is unique in that it is the first offering of a Co-Housing concept in the U.S. The Co-Housing concept founded on the utilization of mixed income,

mixed use, and social cohesion of the residents. This Co-Housing project includes as an addition pads for 13 single-family units and chapel site. Included in the construction of this phase is a community building that will be majority financed through the sale of the single-family houses. The first floor laundry and community room will be funded by DHCD and VHDA totaling no more than 30% of the construction cost. Total development cost for this project is estimated at \$1,261,489 (approx. \$78,843 per unit). The construction cost including A&E is \$644,626 (approx. \$40,289 per unit). With an after rehab appraised value of \$1,300,000 the combined loan to value ratio is 89.35%. The \$636,489 VHPF loan will have be 3% interest only rate fully amortized for 30 years with a 15-year term.

Northway Apartments

The proposed Northway Apartments Project will create 72-units of affordable housing. The facility will consist of 12 one-bedroom units, 41 two-bedroom units, 7 two-bedroom units with a den and 12 three-bedroom units created for central Virginia's low-income population. The one-bedroom units will have one full bath and will have 588 SFLA (square feet of livable area). The two-bedroom units will range from 836 to 936 SFLA and have one full bath. The three bedroom units will have 1 ½ baths and 1003 SFLA. Proposed rents for the one-bedroom units will be \$330. The two-bedroom units will range from \$415-\$440 while the three-bedroom units will be \$455. One hundred percent of the units will be reserved for residents at 50% AMI. Total development cost for this project is estimated at \$2,979,311 (approx. \$41,379 per unit). The construction cost including A&E is \$1,081,983 (approx. \$15,027 per unit). With an after rehab appraised value of \$2,400,000 the combined loan to value ratio is 87%. The \$430,000 VHPF loan will have be 3% interest only rate fully amortized for 30 years with a 15-year term.

Heritage Pines Apartments

The proposed Heritage Pines Project will create 21-units of affordable housing. The facility configuration will consist of 18 one-bedroom units, and 3 two-bedroom units created for Northern Virginia's low-income disabled population. All units will have one full bath. The one-bedroom units will range from 500 to 640 square feet while the two-bedroom unit will have 1050 SFLA. Proposed rents for the one-bedroom units will range from \$415 to \$465. The two-bedroom unit rents will be \$535. Eighty percent of the units will be reserved for residents at or below 50% AMI, while 20% will be reserved for residents at 50% AMI. This project provides much needed housing to a growing yet underserved population. This is the second project of this type for H.O.M. E. Inc as they continue to bridge the gap in housing that meets ADA requirements. Total development cost for this project is estimated at \$1,285,000 (approx. \$61,190 per unit). The construction cost including A&E is \$935,000 (approx. \$44,523 per unit). With an after rehab appraised value of \$1,375,000 the

combined loan to value ratio is 93.45%. The \$435,000 VHPF loan will have be 1% interest only rate fully amortized for 30 years with a 15-year term.

Families in Neighborhood Developing 2

The Families in Neighborhood Developing 2 (FIND-2) project features the acquisition and rehabilitation of four units in the Highland Park section of the city of Richmond. The facility will consist of 2 two-bedroom units and 2 three-bedroom units developed for North Richmond's low-income population. All units will have one bath and will be 1148 SFLA. Each renovation included a new heating/cooling system, updated kitchens, and conversion of the pantry into a laundry/storage room, as well as upgrading the electrical and plumbing systems. Proposed rents are \$400 for the two-bedrooms and \$450 for the three-bedrooms. One hundred percent of the units are reserved for residents at 50% of AMI. Tenants will be required to pay less than 25% of their income for rent. The total development cost for this project was estimated at \$337,400 (approx. \$82,850 per unit). The construction cost including A&E is \$167,300. (approximately \$41,825 per unit). The \$185,000 HOME Loan carried a 3% interest rate with interest-only payments made for 15 years.

INDOOR PLUMBING REHABILITATION PROGRAM

Under its Indoor Plumbing/Rehabilitation Program (IPR), the State improves substandard housing units through general rehabilitation and addressing plumbing needs. This program primarily services households at or below 30% and 50% of AMI and is directed primarily at improvements in owner-occupied units. In addition to the investment of HOME funds, the state of Virginia invests significant amount of general revenue funds on this activity. IPR provides forgivable loans with 0 percent interest to low- and moderate-income homeowners of substandard housing where indoor plumbing does not exist or where major indoor plumbing components are missing. The program also provides for the general rehabilitation of these units, for accessibility improvements to units occupied by persons with disabilities, or additional space where overcrowded conditions exist. The program is available within cities and counties that are not both HOME and CDBG entitlements.

DHCD contracts with sub-recipients (local governments, non-profit housing providers, planning district commissions and housing authorities) to administer the IPR Program. Each eligible local government has one annual opportunity to designate a sub-recipient to carry out the IPR program within its jurisdiction. The sub-recipient has direct ties to the community through a local housing rehabilitation advisory board. Each beneficiary household receives training in house maintenance, cleaning and budgeting

DHCD allocates funds to each eligible locality using a formula based on population, per capita income, households lacking indoor plumbing, and overcrowding. The balance of the funds remain in an incentive fund. Once a

locality has obligated its allocation, that locality's sub-recipient may return to the incentive fund for additional funding.

January 1 is the program funding cut-off. If a locality's funding allocation has not been committed or if no sub-recipient has been identified that portion of the funding reverts to the incentive pool and other sub-recipients may be drawn from it.

In state FY2003, 112 units were assisted throughout Virginia using \$4.9 million in HOME Investment Partnership funds.

SINGLE FAMILY REGIONAL LOAN FUND

DHCD's homeownership initiative, the Single Family Regional Loan Fund, provides below market rate mortgages to low- and moderate-income, first time homebuyers. The fund is a partnership between the VHDA and DHCD, and is administered statewide through 17 approved regional administrators, traditionally nonprofit housing organizations or units of local government. Funding for down payment and closing cost assistance was provided through VHDA's Virginia Housing Fund, the Virginia Housing Partnership Fund, and the State's HOME Program.

The homeownership program serves homebuyers at or below 60% of AMI by providing below-market-rate mortgages for first-time homebuyers. These are available at a blended rate of 3.875% for 30-year mortgages in state fiscal year 2003, reflecting the combination of the sale of mortgage revenue bonds by VHDA and an extra low rate on the Virginia Housing Partnership Fund portion of the blended loan fund introduced by DHCD. The program requires counseling and pre-qualification by approved local housing administrators. The intent of the program is to provide mortgage financing to eligible homebuyers who would not normally be considered for a conventional market rate product. This assures that the available resources reach those most in need of assistance. The combination of mortgage financing from VHDA's Virginia Housing Fund, the Virginia Housing Partnership Fund, and deferred loans through the federal HOME Investment Partnerships Fund has provided over 200 families with affordable mortgages during state FY under this program, and has provided down payment and closing cost assistance for affordable mortgages to a total of 407 families overall during the year.

HOME MATCH FOR THE SUPPORTIVE HOUSING PROGRAM

The purpose of the Home Investment Partnerships Matching Funds Program is to provide the required match for projects funded through the U. S. Department of Housing and Urban Development's Supportive Housing Program. These funds have been set aside to increase the availability of affordable housing to the formerly homeless and its subpopulations. Eligible recipients are those grantees who have been awarded competitive Supportive Housing

Program funds for acquisition, rehabilitation, and/or new construction of units to be utilized for transitional housing, permanent supportive housing to the disabled, or to create innovative homeownership opportunities. All funds offered under this program are in the form of interest free, forgivable loans. The Supportive Housing Program (SHP) is one of the McKinney-Vento Homeless Assistance Act programs designed to move homeless persons from streets and shelters to permanent housing and maximum self-sufficiency. A person must be homeless in order to receive assistance under SHP. Applicants identify their target population in the initial application. This application is incorporated into the grant agreement and, therefore, guides implementation of the grant. Significant changes to the project require prior HUD approval.

HOME funds are used as match for Supportive Housing Program projects for facilities to house the homeless. The HOME Match for the Supportive Housing Program offers all or a portion of the required 50% match for the costs of acquisition, new construction or rehabilitation for supportive housing projects in Virginia that are funded through the Continuum of Care Homeless Assistance/Supportive Housing Program.

Funding priority is given to Supportive Housing Program grantees located outside HOME entitlement jurisdictions and consortiums. If requests are significantly greater than the available funds, projects are evaluated through a competitive process. The priority ranking of the project in the local or regional Continuum of Care is considered.

The Department made \$600,000 available in HOME matching funds for successful Supportive Housing Program projects during state FY2003. Because of a low number of applications due to the competitive nature of the Continuum of Care/Supportive Housing Program, which frequently prioritizes maintenance of projects through renewal grants over the creation of additional housing for the population, the program funds were underutilized. Funding priority is given to Supportive Housing Program grantees located outside of the following HOME entitlement jurisdictions and consortiums: Cities of Virginia Beach, Richmond, Arlington, Alexandria, Charlottesville, Chesapeake, Danville, Hampton, Lynchburg, Newport News, Norfolk, Portsmouth, Roanoke, Suffolk, and the Counties of Chesterfield, Fairfax, Henrico and Prince William County. In the event annual requests for matching funds exceed the allocation, DHCD awards match funding to projects most highly ranked within the project priority ranking of the community's Continuum of Care planning document.

In state FY2003, \$375,000 in HOME funds was committed for the creation of 2 permanent supportive housing facilities. The Supportive Housing project commitments approved with HOME funding in Virginia this past fiscal year include:

- \$200,000 - Waynesboro Redevelopment Housing Authority. These matching funds were requested to construct a structure in Staunton, Virginia. The structure will be permanent housing for persons with disabilities, and will contain six (6) one-bedroom apartments and a common area for the use of on-site services and staff.
- \$175,000 – Lynchburg Neighborhood Development Fund (LNDF). These matching funds were requested to acquire and rehabilitate two structures to be used for permanent housing for homeless persons with disabilities. Structure #1 will consist of six (6) one-bedroom apartments. Structure #2 will consist of two (2) two-bedroom apartments and two (2) one-bedroom apartments.
- The Salvation Army of Petersburg also submitted an application for HOME match funding in the amount of \$200,000. However, it was determined through application review, that the project was not eligible for HOME match.

Also, in state FY 2003, DHCD disbursed \$57,428 of HOME funds, previously committed, to a Supportive Housing project.

SHELTER EXPANSION PROGRAM/TRANSITIONAL HOUSING COMPONENT

The existing state-funded SHARE Expansion Program provided a transitional housing component with HOME funds in state FY2003. The SHARE Expansion Program provides funding for the purchase and/or rehabilitation of residential and non-residential properties into emergency shelter or transitional housing facilities. The goal of the SHARE Expansion Program is to increase the capacity of the Commonwealth's shelter stock to accommodate the need for shelter among homeless individuals and families and to encourage the development or continuance of comprehensive self-sufficiency programs. The primary objective of the program is to increase the number of emergency shelter and transitional housing beds to homeless individuals and families in Virginia, emphasizing facilities that offer a comprehensive self-sufficiency program for their residents.

The SHARE Expansion Program (Expansion) receives a general fund appropriation from the Virginia General Assembly administered by the Virginia Department of Housing and Community Development (DHCD). Additional funds are provided through the HOME Program through appropriations by the U.S. Department of Housing and Urban Development and administered by DHCD.

HOME funds may not be used for Emergency Shelter projects. HOME funds may be used for Transitional housing projects. Funds appropriated by the state may be used for Emergency Shelter projects or Transitional housing

projects. The Shelter Expansion/Transitional Housing project commitments approved with HOME funding in Virginia this past fiscal year include:

- \$200,000 - People, Incorporated of Southwest Virginia, Russell County – HOME funds were approved for the acquisition and rehabilitation of eight town house-style apartment units in Russell County to use as transitional housing for homeless families. Seven of the units will be two-bedroom, one and one-half baths. One unit will be renovated into a three-bedroom apartment with handicapped accessible features, including ramps and the addition of a bedroom and bathroom on the first floor. Each unit will provide six beds for parents and children. The facility could accommodate as many as 48 individuals at the time.
- \$102,848 – Community Housing Partners Corp., Christiansburg, VA – HOME funds were approved for the acquisition and renovation for a four-unit apartment building for families fleeing domestic violence and transitioning out of emergency shelter. The four-unit apartment building has four, two-bedroom units. The complex is approximately one mile from the Department of Social Services, courts, police, community services, stores and banks.

SINGLE FAMILY REHABILITATION PILOT PROJECT

The Department provided \$108,500 of HOME funds during state FY2003 for use as part of a pilot project to conduct single family rehabilitation in conjunction with a HUD Lead Hazard Control Project in the City of Petersburg to support hazard intervention costs. Three (3) properties received funds, for a total six (6) assisted units.

A lead hazard reduction and screening program conducted by the Local Crater District Health Department identified the properties. A grant from the Centers for Disease Control Lead funded screening activities. Unit and client eligibility criteria were established through an existing Lead Hazard Control Grant program and required that the occupants be at or below 80% of the AMI, reside in a property that was constructed prior to 1978, and be occupied by at least one child age six or younger. The project used Lead-based paint hazard reduction funds to apply interim control measures to the subject properties to control lead hazards, and HOME funding was used to conduct general rehab on the properties to bring them up to Section 8 Code standards. In some cases, abatement of lead hazards occurred in accordance with state and federal regulations.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) OPERATING ASSISTANCE

HOME Funds are available through DHCD exclusively for qualified, eligible CHDO projects and operating expenses. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside just for CHDOs, as well as additional special technical assistance. CHDO set-aside funds provide equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs, and provide guaranteed resources for affordable housing development.

CHDOs who are certified or eligible to be certified by DHCD can apply for CHDO Development Assistance Funds. These funds provide operating support to secure the technical assistance, training, and other assets necessary to obtain CHDO Set-Aside funds for an affordable housing project. These funds can also provide general operating support during the development of CHDO Set-Aside funded affordable housing projects. Specifically, this funding is intended to assist organizations that can clearly demonstrate a need for operating support in order to successfully complete a project.

The CHDO Development Assistance Program provided approximately \$236,872 in commitments and expenditures to organizations requiring operating support in state FY2003.

Summary Uses of FFY 2002 Funding

Program Area	Commitments		
	Action Plan	Actual (6/30/03)	Carryover to FY2003
Multifamily Development (AHPP) [Including CHDO Set-Aside & CHDO Predevelopment Fund]	\$3,170,050	\$ 2,647,755	\$ 522,295
Single Family Homeownership	\$3,170,050	\$ 2,101,880	\$1,201,500*
Indoor Plumbing and Rehabilitation	\$5,000,000	\$ 4,886,743	\$ 113,257
HOME Match for Supportive Housing	\$ 800,000	\$ 375,000	\$ 000
Shelter Transitional Housing Program	0	\$ 303,000	\$ 000
Single Family Rehabilitation	0	\$ 108,500	\$ 000
CHDO Operating Assistance	\$ 674,450	\$ 236,872	\$ 437,578
State Administration	\$ 674,450	\$ 565,950	\$ 108,500
SUBTOTAL	\$13,489,000	\$ 11,225,700	\$2,383,130*
Program Income	\$ 119,830		

TOTAL	\$13,608,830		
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*Includes \$119,830 from program income and \$13,500 in reprogrammed funds

B. PRIVATE SECTOR PARTICIPATION

Over the past few years diminishing state and federal resources for housing activities have created a need to market programs and projects to the private sector. Project loan packages formerly developed with one primary funding source have been replaced by project packages that incorporate private resources with HOME, CDBG, and Low Income Housing Tax Credits funds. Leveraging HOME funds with other resources and forging partnerships with the private sector fosters community ownership in housing development projects and reflects a more efficient and effective way of carrying out the state's housing activities.

The Low Income Housing Tax Credit Program, administered by VHDA, leverages private resources provided by the syndication of federal tax credits for the construction or rehabilitation of rental properties.

Due to budget constraints and in an effort to close the state's budget deficit experience by the State during this fiscal year, the Virginia General Assembly, with the concurrence of the Governor, mandated the liquidation of the Virginia Housing Partnership Fund by legislation presented in the 2003 session of the Virginia General Assembly. Therefore, this source of funding will no longer be available to assist in affordable housing production in the future.

Over the past two years, VHDA has also committed approximately \$28 million in below-market-rate financing for first-time homebuyers. In state FY2003, these funds were used with the state's Virginia Housing Partnership Revolving Loan Fund and HOME loans to provide mortgages to first-time homebuyers. The Single Family Regional Loan Fund combines HOME funds with these resources in a program administered by private nonprofit organizations with some participation from local governments and regional Planning Districts. In addition, the Single Family Regional Loan Programs rely on private sector participation from mortgage lenders, realtors, and attorneys. Regional workshops are conducted annually with the regional administrators and local lenders to facilitate their understanding of the program and their participation.

For state FY2003, the following amounts were allocated to the operation of the Single Family Regional Loan Fund:

VHDA Mortgage Revenue Bond proceeds (tax exempt)	\$14.0 million
VHPF Revolving Loan Fund	\$2.0 million

HOME Funds**\$3.1 million**

For state FY2003, the following amounts were allocated to the operation of the Affordable Housing Preservation and Production Program:

VHPF Revolving Loan Fund	\$3.5 million
HOME Funds	\$3.1 million

In summary, the majority of HOME funded programs are implemented by the private sector. Indoor Plumbing/Rehabilitation is administered by private nonprofits in partnership with local governments. As noted above, the Single Family Regional Loan Fund program is primarily administered by private nonprofit organizations. Projects assisted under the Affordable Housing Preservation Production Program are owned by both for-profit and nonprofit private sector entities. Projects applying under all HOME programs are evaluated on their ability to leverage the HOME funds and to incorporate the participation of the local government and private sector, as well as the sound financial structure of the project and its ability to meet community needs.

C. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDOs)

Supporting the Delivery System

Virginia's Community Housing Development Organizations (CHDOs) assisted in furthering a number of the State's priorities that were identified in the Consolidated Plan. Through CHDO activities and projects, rental housing opportunities and housing development were increased for low- and very low-income persons. These CHDOs worked not only to expand the opportunities for those they serve but also to aid first-time homebuyers in acquiring their own homes.

Additionally, the number of housing providers in some of the underserved areas of the State increased because of DHCD's efforts to certify new CHDOs. As a result of actions taken this fiscal year such as CHDO re-certification, providing CHDO support funding, technical assistance and training sessions, the capacity of CHDO housing providers to deliver decent safe, affordable, appropriate housing was increased in the Commonwealth of Virginia. Certified CHDOs receive certification from a Participating Jurisdiction (PJ) indicating that they meet certain HOME Program requirements and therefore are eligible for HOME funding.

Due internal reorganization, DHCD did not provide its usual strong emphasis on training. However, the Department through its existing programs

continued to urge CHDOs to provide programs for housing citizens with low income, and creating new CHDOs to work in under served areas.

PREDEVELOPMENT LOAN FUND

The state's Predevelopment Loan Fund provides flexible funding, 10% of the mandatory 15% CHDO set-aside, to support the initial costs of developing a project that is sponsored by a CHDO. The Predevelopment Loan Fund is administered in conjunction with the AHPP program, and may finance site control costs, preliminary legal work, environmental surveys, appraisals, and preliminary architectural and engineering costs, which are needed to evaluate project feasibility. If the project is developed, the loan is repaid at the start of construction. If the project is determined to be infeasible through the predevelopment analysis and feasibility study, the state may waive repayment of the predevelopment loan.

Since the program's inception in 1993 through June 30, 2003, the State has committed slightly more than \$1,037,000 to affordable housing projects in the earliest stages of development through its Predevelopment Loan Fund Program.

In state FY2003, DHCD committed \$12,000 in HOME funds for the following CHDO predevelopment project:

Lower Liberty Project Pre-Development

The Lower Liberty Project is located at the lower end of Halifax County. The project proposes to develop four single-family houses on 5 acres of land. The home will be constructed for home ownership to be sold at the end of 36-month lease purchase program. The land will be sub-divided and prepared for the development of 4 two and three bedroom units. The included amenities in each unit are 1½ baths with a washer and dryer hook-ups and well and septic systems designed specifically for the project. All units will be reserved for person at or below 60% AMI. The estimated TDC for this project is \$391,200. The proposed financing for this project will be to request \$382,700 in HOME funds from the AHPP program. The HOME funds will have an interest rate of 3% interest only, fully amortized for 30 years with a 15-year term.

D. AFFIRMATIVE MARKETING

The State remains committed to fair and equal housing opportunity in all of its programs and initiatives. To meet the Affirmative Marketing requirements of the HOME program, project sponsors are required to develop a marketing plan. This plan indicates how the project will be marketed to the target income group required by the funding sources. In addition, all project sponsors are notified of

and are required to comply with all applicable federal, State, and local laws prohibiting discrimination in housing.

DHCD requires sponsors to adopt affirmative marketing procedures and requirements. The Department will review draft strategies submitted with the project applications and require sponsors to submit their final or adopted strategies for review and approval before giving its final funding commitment. These procedures and requirements must include the project sponsors methods for informing all parties of the fair housing laws and policies, requirements and practices that the owner must carry out to assure the widest possible outreach, record keeping requirements, and the method to be used to assess the marketing strategy.

VHDA provides loan servicing and asset management for all projects funded by the State. The VHDA staff inspects projects annually. Their management review includes verifying that the project has a marketing and resident selection plan that is consistent with all applicable requirements. If not in compliance, they will advise the owner and DHCD. VHDA will alert DHCD to any problems they observe in the implementation of a project's marketing plan and selection criteria.

E. MINORITY OUTREACH

Participation by Minorities and Women in HOME-Funded Projects

Minority and women's business enterprise outreach requirements apply to all housing programs operated by DHCD. However, HOME-funded projects are subject to more stringent requirements. Project sponsors are required to take several steps to facilitate participation by women-owned and minority-owned business enterprises. These include dividing procurement for goods, services, and contracts, where possible, into small segments; establishing delivery schedules to encourage minority and women owned business participation; publishing notices via legal advertisement in regional newspapers of anticipated contracts, services, and procurement; maintaining solicitation lists; giving construction contractors copies of this solicitation list; including goals for women-owned and minority-owned businesses in construction contract documents; and, maintaining a register of all minority-owned and women-owned enterprises actually used.

Sponsors must provide DHCD with contract documents and individual project goals the time that the project sponsor is preparing bid specification packages. Project sponsors are responsible for requiring contractors to submit information on minority and women-owned enterprise. Based upon review of information contained in project completion forms, staff estimates that participation by minority owned businesses in HOME-funded activities approximates 25% of contracts, measured by either number of contracts or 31%

of dollars spent. For entities owned by women, the participation in HOME-funded activities accounts for approximately 5.3% of contractors and 4.5% for subcontractors of total contracts.

Part III Minority Business Enterprises (MBE) and Women's Business Enterprises (WBE)

In the table below, indicate the number and dollar value of contracts for HOME projects completed during the reporting period.

	a.Total	Minority Business Enterprises				f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	e. Hispanic	
A. Contracts						
1. Number	188	4	0	42	1	141
2. Dollar Amount	\$5,698,159	\$117,400	0	\$1,622,828	\$27,315	\$3,930,616
B. Sub-Contracts						
1. Number	312	1	0	69	0	242
2. Dollar Amount	\$1,219,694	\$2,500	0	\$231,988	0	\$985,206
	a. Total	b. Women Business Enterprises (WBE)	c. Male			
C. Contracts						
1. Number	198	10	188			
2. Dollar Amount	\$6,022,353	\$324,194	\$5,698,159			
B. Sub-Contracts						
1. Number	313	1	312			
2. Dollar Amount	\$1,224,384	\$4,690	\$1,219,694			

Actions to Improve the Use of MBE/WBE

DHCD continues to work on the following actions to improve the participation of minorities and women or entities owned by women and minorities in HOME-funded activities:

- Announce in how-to-apply workshops the requirement to afford minority business enterprises and women's business enterprises the opportunity to participate in HOME-funded projects.
- Provide information to local administrators on local minority business enterprises and women's business enterprise, where available, or refer them to the Division of Minority Business Enterprises and other sources.
- Add minority business enterprises and women's business enterprises to the Division of Housing mailing list, to ensure they receive information about our programs.
- Provide speakers at minority business enterprise and women's business enterprise trade group gatherings to publicize opportunities associated with DHCD programs.
- Continue to require that efforts to ensure minority business enterprise and women's business enterprise participation are included in grant agreements.

F. TENANT ASSISTANCE/RELOCATION

Project sponsors and sub recipients are informed during application workshops of the potential for relocation assistance being provided under the Uniform Relocation Act (URA). If projects anticipate relocation, further information is provided regarding notification requirements. If the project received assistance with HOME funds, staff at DHCD reviews all notifications for timeliness in accordance with URA. Notices are provided by the project sponsor for multifamily rental properties and must be provided by the sub recipient in the case of single-family owner-occupied rehab or first-time homebuyer programs.

When displacement is a possibility, the project sponsor must submit a displacement plan. If the displacement plan indicates the need for assistance, the project budget must include sufficient funding to meet the requirements of URA.

Projects funded by the State have resulted in minimal displacement. Much of the multifamily activity is new construction or adaptive re-use of vacant buildings and the first-time homebuyer projects involve new homes and unoccupied homes. In projects involving rehabilitation, work is generally phased in a way that all units are not being rehabilitated at once and tenants occupying units to be rehabilitated are temporarily moved to other units, triggering the need for temporary relocation assistance.

G. SHORTFALL FUNDS

HOME Match Federal FY'02 (State FY2003)

The HOME Program requires a matching contribution of non-federal funds equaling 25 percent of the annual HOME allocation (less the cost of administration). HUD form 40107-A, which DHCD files with the HOME APR, details the overall match and its sources for the program year.

The HOME Match Report [HUD Form 40107-A (12/94)] details the sources of match contributions for housing units assisted through Virginia's HOME Investments Partnership Program. Components of the HOME Match Report include project data compiled from the state's database for the Homeownership and Indoor Plumbing Programs. The totals appear on the HUD Form 40107-A.

According to information included on form 40107-A, the state's match liability for the fiscal year was \$3,372,250. The state provided a total match of \$9,001,350. The Indoor Plumbing Rehabilitation (IPR) program supplied \$2,869,204 in non-federal cash while the state homeownership program accounted for \$2,250,896 in non-federal cash and \$3,881,250 in bond financing.

H. ON-SITE INSPECTIONS OF AFFORDABLE RENTAL HOUSING

DHCD has relied on inspections of its projects being conducted in conjunction with VHDA. The housing finance agency conducted its inspections to verify compliance with requirements associated with the use of tax credits or tax-exempt mortgage revenue bond financing. Because the inspections by the two agencies overlap in several areas, DHCD relies on VHDA reports to target potential problems, particularly those related to the physical condition of the properties.

HOME Match Report

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

OMB Approval No. 2506-0171
(exp. 03/31/2005)

[illegible]

IV. HOPWA Program Information

This section of the CAPER addresses various aspects of the state's administration of the HOPWA program, including the distribution of funds among those needs included in the Consolidated Plan, the activities carried out by recipients of program funds, and the additional resources that project sponsors used.

A. Grantee and Community Overview

1. Subgrantee Description

Subgrantee (Project Sponsor)	Service Area(s)	Housing Activities	Supportive Services
A. Accomack-Northampton Housing & Redevelopment Corporation	Counties of Accomack and Northampton	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Resource identification Housing counseling
B. Lead agency: Blue Ridge AIDS Support Services, Inc. (BRASS)	Service areas listed for #B1-B4.	Serves as Lead Agency for the AIDS Service Organizations (ASOs) listed #B1-B4. Providing Administrative support, technical assistance and grants writing for the ASOs	<ul style="list-style-type: none"> Resource identification
B1. Appalachian AIDS Coalition, Inc.	Counties of Lee, Scott, Wise, Buchanan, Dickenson, Russell, Tazewell, Washington, Grayson, Smyth, Wythe, Bland and Carroll and Cities of Bristol, Norton, and Galax	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Transportation Food/food bank Support Group
B2. Lynchburg Community Action Group, inc.	Counties of Appomattox, Amherst, Bedford and Campbell and Cities of Lynchburg and Bedford	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Transportation Food/food bank Support Group
B3. Roanoke AIDS Project	Counties of Roanoke, Botetourt, Craig, Alleghany, Montgomery, Pulaski, Giles and Floyd and Cities of Roanoke, Salem, Clifton Forge, Covington and Radford	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Transportation
B4. West Piedmont AIDS Task Force	Counties of Henry, Patrick and Franklin and City of Martinsville	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Transportation Food/food bank Support group
D. Housing Opportunities Made Equal, Inc.	Counties of Mecklenburg, Brunswick, Greensville, Lunenburg, Prince Edward, Nottoway, Amelia and Sussex and the City of Emporia	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Housing counseling Resource identification Transportation Resource identification
E. Lead agency: James Madison University	Service areas listed for #E1-E4.	Administrative support, technical assistance and grants writing for the ASOs participating in the Council.	
E1. AIDS Response Effort, Inc.	Counties of Shenandoah, Page and Frederick and City of Winchester	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Food/food bank Resource identification
E2. AIDS/HIV Services Group	Counties of Albemarle, Greene, Louisa, Nelson and Fluvanna and the City of Charlottesville	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Resource identification

Subgrantee (Project Sponsor)	Service Area(s)	Housing Activities	Supportive Services
E3. Fredericksburg Area HIV/AIDS Support Services	Counties of Stafford, Spotsylvania, Caroline, King George, Madison, Fauquier, Orange, Rappahannock, and Culpeper and the Cities of Fredericksburg and Culpeper	<ul style="list-style-type: none"> Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Resource identification
E4. Valley AIDS Network	Counties of Rockingham, Bath, Rockbridge, Augusta, Highland, Page and Shenandoah and the Cities of Buena Vista, Lexington, Staunton Waynesboro, and Harrisonburg	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Resource identification
F. Piedmont Community Services	Counties of Henry, Patrick and Franklin and City of Martinsville	<ul style="list-style-type: none"> Short-term, emergency rental assistance Project-based rental assistance Housing counseling 	<ul style="list-style-type: none"> Transportation Food/food bank Support group Resource identification Child Care Case Management Substance Abuse Counseling
G. Southside AIDS Venture	Counties of Halifax, Pittsylvania and South Boston and the City of Danville	<ul style="list-style-type: none"> Short-term rent, utility and mortgage payments Tenant-based rental assistance 	<ul style="list-style-type: none"> Case management Nutritional services/supplements Transportation Substance abuse treatment/counseling

A. The Accomack-Northampton Housing & Redevelopment Corporation (A-NHRC) was formed to assist the private housing production sector to provide safe, decent and affordable housing for low-to-moderate income people, to encourage participation of low-to-moderate income citizens in the housing development process, and to address housing needs not being met by the private sector. A-NHRC is a Community Housing Development Organization (CHDO). A-NHRC collaborates with the Eastern Shore Health District to provide persons living with AIDS/HIV and their families with housing assistance and supportive services.

B. Blue Ridge AIDS Support Services, Inc. (BRASS), the lead agency for the administration of HOPWA funds in Southwest Virginia, is a private, non-profit organization composed of four AIDS Services Organizations (ASOs). Its primary function is to secure and administer grant funds for the greater part of Health Region III. In addition to providing oversight and direction for the ASOs, BRASS determines the amount a client will pay for tenant-based rental assistance and the amount of HOPWA funds that will be paid to the landlord. BRASS issues all checks to the landlords.

B1. The Appalachian AIDS Coalition began in 1989 as a coalition of professionals, organizations and individuals interested in helping people with HIV/AIDS and educating people about HIV/AIDS. The agency works closely with the local health departments.

B2. The Lynchburg Community Action Group, Inc. offers an extensive array of housing programs and services to identify and address the needs low-income

people, including, but not limited to, those at risk of homelessness, homeless households, and persons with HIV/AIDS.

B3. RAP, the Roanoke AIDS Project, operates primarily as a volunteer organization providing outreach to the HIV/AIDS community. RAP provides a side array of services: support groups, food pantry, emergency financial assistance, transportation, medical supplies and other related services. Short and long-term housing assistance are provided through HOPWA.

B4. The West Piedmont AIDS Task Force is a non-profit organization established to provide outreach services and support to persons with HIV/AIDS and to serve as an education and prevention resource for the West Piedmont Health District. The Task Force is housed in the Education and Resource Room at Memorial Hospital of Martinsville and Henry County, adjacent to Hospice and Home Health Care. They have a good working relation shop with both organizations as well as with the Piedmont Community Services (PCS). The PCS maintains an apartment in Martinsville for persons with HIV/AIDS.

C. Housing Opportunities Made Equal, Inc. (HOME) is a housing counseling, referral and assistance program concerned with issues of housing discrimination, landlord/tenant relations, pre-purchase counseling, mortgage delinquency and default counseling, emergency rental and mortgage assistance, down payment assistance, assistance with home repairs, and assistance for persons with HIV/AIDS. HOME operates a satellite office in Petersburg to coordinate services in its historically underserved rural service area. HOME also contracts with the Fan Free Clinic to provide emergency financial assistance and case management to clients from the rural service area who come to the Clinic for health-related services.

D. James Madison University – Office of Sponsored Programs assumed lead agency responsibility of HOPWA after the Northwest Council of AIDS Service Organizations, the previous lead agency for the northwest region of ASO's, disbanded March 31, 2003.

D1. AIDS Response Effort, Inc. (ARE) enjoys a collaborative relationship with Valley Health Systems in which it maintains autonomy as an independent ASO and receives office space and assistance with staff salaries, including benefits. This cost-saving arrangement has been described as a model for convenient and efficient service provision by the Virginia Department of Health.

D2. AID/HIV Services Group provides comprehensive services to people with HIV/AIDS. In addition to its client service program, the agency has an active prevention education and outreach program.

D3. Fredericksburg Area HIV/AIDS Support Services (FSHASS) began as an all-volunteer, community-based organization. The non-profit organization occupies office space donated by Mary Washington Hospital in Fredericksburg.

D4. Valley AIDS Network (VAN) provides services through Ryan White Title II funds as well as housing and services with HOPWA funding. Covering a large service area in the Shenandoah Valley, VAN has acquired specialized experience in providing services in rural areas.

E. Piedmont Community Services (PCS) provides mental health, mental retardation and substance abuse services, including, but not limited to, counseling, case management, psychosocial rehabilitation day programs, intensive outpatient substance abuse services, twenty-four hour crisis services, psychiatric and mental health support, and prevention and early intervention. A variety of housing assistance services are provided through grants, Medicaid and consumer fees. A housing specialist focuses on two of PCS's apartment buildings in Martinsville. One apartment is set-aside for transitional housing for persons living with HIV/AIDS and their families. Local hotels will be used in emergency situations when the apartment is occupied and an additional need arises. Referrals are made by the West Piedmont AIDS Task Force, as well as through PCS's internal referral channels.

F. Southside AIDS Venture (SAVE), a non-profit organization, provides nutrition counseling and supplements, clothing, case management, emergency food and medicine for clients in addition to tenant based rental assistance and emergency assistance.

2. Grant Management Activities and Selection of Subgrantees

Grant management activities are conducted through a review of budgets, a thorough review of back-up documentation submitted with a request for disbursement, telephone and e-mail contact, and on-site monitoring and/or technical assistance visits as needed.

The Department selects subgrantees through a competitive application process. Eligible applicants are nonprofit organizations and governmental housing agencies, including local government housing agencies, public housing authorities, and governmental health and human service agencies that provide assistance for residential programs. Coordinated regional applications are encouraged to ensure region-wide service coverage. A coordinated application designates a lead agency responsible for overseeing regional administration of HOPWA funds, including serving as fiscal agent.

3. HOPWA Geography and Program Coverage

Currently, the state HOPWA program encompasses 31,749 square miles.

Based on the most recently available surveillance data from the Virginia Department of Health (covering the period ending through December 31, 2001), 2,437 persons were residing in one of the ninety-one (91) localities under the state HOPWA program when their first positive HIV antibody test was performed. Since 1982, 1,270 persons were residing in one of the localities under the state HOPWA program when they were first diagnosed with AIDS. These statistics are based on the number of cumulative cases of HIV and AIDS reported per locality since 1989 and 1982 respectively, excluding deceased cases.

The Department has divided the state HOPWA program into six geographic service regions of Southwest, South Central, Northwest, Eastern Shore, Middles Peninsula and Eastern. These regions include all jurisdictions outside of the three HOPWA entitlement jurisdictions of Newport News-Norfolk-Virginia Beach MSA, Richmond-Petersburg MSA, and Washington, DC (Northern Virginia) MSA. A table showing the regions and cases of HIV and AIDS is attached.

SOUTHWEST REGION

	Square Miles	AIDS Cases	HIV Cases	Total
Alleghany	446	4	1	5
Amherst	470	11	23	34
Appomattox	345	12	9	21
Bedford	778	11	16	27
Bedford City	7	6	9	15
Bland	269	5	1	6
Botetourt	546	6	11	17
Bristol	12	7	12	19
Buchanan	508	6	19	25
Campbell	511	19	42	61
Carroll	496	2	8	10
Clifton Forge	4	6	3	9
Covington	4	6	7	13
Craig	339	0	0	0
Danville	17	43	111	154
Dickenson	335	2	1	3
Floyd	383	0	4	4
Franklin Co.	721	11	17	28
Galax	7	5	5	10
Giles	363	3	4	7
Grayson	494	1	2	3
Halifax	811	29	60	89
Henry	394	22	24	46
Lee	450	8	4	12
Lynchburg	51	78	144	222
Martinsville	11	11	28	39
Montgomery	395	16	25	41
Norton	7	1	1	2
Patrick	469	1	5	6
Pittsylvania	1,012	14	32	46
Pulaski	333	7	15	22
Radford	8	0	6	6
Roanoke City	43	172	424	596
Roanoke Co.	248	10	21	31
Russell	552	4	9	13
Salem	14	15	19	34
Scott	539	1	4	5
Smyth	435	6	22	28
Tazewell	483	9	12	21
Washington	578	9	8	17
Wise	435	6	17	23
Wythe	460	8	15	23
Total	14,783	593	1,200	1,793

NORTHWEST REGION

	Square Miles	AIDS Cases	HIV Cases	Total
Albemarle	741	28	38	66
Augusta	986	20	40	60
Bath	540	3	3	6
Buena Vista	7	0	7	7
Caroline	549	12	31	43
Charlottesville	10	78	108	186
Fluvanna	288	20	24	44
Frederick	422	14	11	25
Greene	153	3	4	7
Harrisonburg	6	20	24	44
Highland	416	0	0	0
Lexington	3	7	2	9
Louisa	517	16	25	41
Madison	327	2	10	12
Nelson	471	4	12	16
Orange	355	16	25	41
Page	316	3	11	14
Rappahannock	267	0	2	2
Rockbridge	600	3	7	10
Rockingham	871	13	21	34
Shenandoah	507	6	10	16
Staunton	9	21	38	59
Waynesboro	7	8	19	27
Winchester	9	36	56	92
Total	8,377	333	528	861

EASTERN SHORE REGION

	Square Miles	AIDS Cases	HIV Cases	Total
Accomack	602	43	91	134
Northampton	357	16	38	54
Total	959	59	129	188

EASTERN REGION

	Square Miles	AIDS Cases	HIV Cases	Total
Franklin City	4	10	28	38
Southampton	604	9	18	27
Surry	306	2	7	9
Sussex	496	11	31	42
Total	1,410	32	84	116

SOUTH CENTRAL REGION

	Square Miles	AIDS Cases	HIV Cases	Total
Amelia	366	6	6	12
Brunswick	579	22	56	78
Buckingham	582	41	55	96
Charlotte	471	5	3	8
Cumberland	292	2	9	11
Emporia	2	7	19	26
Greensville	301	26	73	99
Lunenburg	443	20	26	46
Mecklenburg	675	33	60	93
Nottoway	308	28	55	83
Prince Edward	357	13	25	38
Total	4,376	203	387	590

MIDDLE PENINSULA REGION

	Square Miles	AIDS Cases	HIV Cases	Total
Essex	264	2	8	10
King & Queen	327	4	8	12
King William	286	2	9	11
Lancaster	153	3	20	23
Middlesex	138	7	6	13
Northumberland	223	3	14	17
Richmond Co.	203	17	30	47
Westmoreland	250	12	14	26
Total	1,844	50	109	159

Housing and Supportive Services Needs of Persons Living With HIV/AIDS

Emergency housing continues to present challenges for persons living with HIV or AIDS. Compared to suburban and urban counterparts, homeless shelters are not as readily accessible in rural areas and those programs available are frequently open only to targeted homeless populations, such as victims of domestic violence or those with a physical or mental handicap. In addition, consumers cannot satisfy programming requirements for employment and/or job training.

Housing needs of persons living with HIV or AIDS often mirror those of the disabled population. Consumers desire to live within close proximity of their primary medical provider and their support network of family and friends and reside in housing which allows them to maintain maximum independence with access to community supports as needed. Tenants sometimes require handicap accessible dwellings, yet cannot locate such units or afford to construct wheelchair ramps and add interior modifications.

Similarly, in the predominantly rural areas of the state HOPWA program, persons living with HIV and AIDS often struggle with the same housing deficiencies faced by other rural residents. For example, consumers frequently live in substandard living conditions which exacerbate their health conditions, such as lack of indoor plumbing, inadequate heating and cooling, faulty electrical systems and weakened structural elements i.e. roofs and flooring. Due to limited housing affordability, consumers accept these inferior units and other unconventional housing situations, such as doubling-up with acquaintances and renting couches, because they are affordable.

Consumers with fixed incomes of approximately \$600/month are acutely rent burdened paying upwards of 80% of their income on housing expenses, particularly in outlying suburban areas of Northern Virginia with extremely high rents. In addition, subsidized housing programs are closed with waiting lists in excess of three years. Tenant-based rental assistance through the HOPWA program is often the only immediate option for permanent housing stability. Still, administrators have encountered difficulty identifying landlords in the respective service areas willing to work with housing subsidy programs due to the stigma arising from past subsidized housing experiences, conformance with Housing Quality Standards (HQS) inspections and confusion concerning administrative requirements. Finally, due to the substance abuse histories of some consumers, it is imperative that housing be located in appropriate neighborhoods not plagued with crime and drug trafficking, which can encourage substance abuse setbacks.

To assist consumers with residential stability, service providers must complement housing advocacy with supportive services. Some of the supportive services needs of persons living with HIV or AIDS are: case management, including life skills training, budgeting and/or credit counseling; transportation assistance

through bus or taxi vouchers, support groups and social activities, legal advocacy, landlord-tenant advocacy, food pantries, substance abuse treatment/intervention programs, and guidance accessing entitlement programs for which they may qualify.

4. Planning and Public Consultations

Subgrantees have been involved with several collaborative efforts as it relates to the servicing of HOPWA eligible clients. The most predominant collaboration is between the Subgrantees and their local Health Departments. The Health Departments provides case management services that are funded through Ryan White. These Health Departments are subcontractors for Ryan White Title II funding and very close coordination assures no overlap of services. Ryan White funds have assisted clients to obtain medical care, medications, diagnostic tests, and nutritional supplements that clients cannot afford. Also, Subgrantees have decreased the transportation expenditures since Ryan White Title II funds also pay for transportation services. In most cases, case managers at the Health Departments monitor transportation funded by Ryan White Title II. These collaborative efforts allows Subgrantees to utilize HOPWA funds more directly toward housing needs – Tenant Based Rental Assistance, Emergency Rental Assistance, and utility payments.

5. Other Resources

Subgrantees have developed creative ways of acquiring resources from sources other than HOPWA funds. SAVE conducted a well-attended local minister's retreat to discuss compassionate care and services to persons living with AIDS in the community. SAVE received an award for conducting this training retreat. Twice each year, RAP receives funds through a fundraiser at a local bar. This provides cash donations that are adequate to cover office rent, phone and other administrative costs not covered by HOPWA.

6. Collaborative Efforts

Subgrantees work closely with several agencies in their areas. In the Eastern Shore area, Accomack-Northampton Housing and Redevelopment Corporation, serves on the Eastern Shore Health District (ESDHD) Advisory Board. This board consists of broad base representation of local service organizations, government representatives, schools, hospitals, and housing providers. The advisory board was organized under Ryan White. The ESHD HIV/AIDS case manager coordinates services for the clients with other health care providers and human resource agencies. The case manager attends advisory board meetings to discuss the needs of HIV/AIDS clients in an effort to expand and better coordinate services.

Blue Ridge AIDS Support Services (BRASS), the lead agency for four Subcontractors, also requires their Subcontractors to participate regularly in planning and training activities presented by the Ryan White, Title II Consortium and BRASS, in an effort to provide input and gain a greater understanding of the services provided and planned. Southside AIDS Venture, Inc, (SAVE) another subgrantee, continuously work as a member of the Community Health Coalition with other area agencies. SAVE has incorporated an interagency Advisor Committee as part of its operational plan to insure improved service coordination to the HIV/AIDS community to insure a coordinated service delivery system and smooth referral and transition from one service to another.

Subgrantee – Housing Opportunities Made Equal (HOME), is a participant in the Central Virginia HIV Care Consortium. HOME is part of the larger meeting network where in depth discussions regarding the needs of persons living with HIV/AIDS takes place. In addition, HOME's Housing Counselor for the South Central Program consistently represents the agency on the Consortium's Case Management Committee. The Director of Programs for the project represents the agency on the Peer Review Committee of the Consortium.

B. Project Accomplishment Overview

Project Accomplishment

Providing HIV/AIDS services in rural communities is a challenge due to the heightened sensitivity around confidentiality issues and the cultural differences that exist in rural communities. Despite the challenges, Subgrantees have accomplished a great deal. Thanks to collaborative efforts with the other agencies in the community, Subgrantees have been able to successfully refer clients to other agencies and services within the community creating a reduction. Support groups have been formed by other agencies and referrals are made to those groups. This has all but alleviated the necessity for Subgrantees to direct HOPWA funds for support services, allowing Subgrantees to focus on focusing HOPWA funds directly on housing needs.

Housing Opportunities Made Equal, Inc. (HOME), a Subgrantee, is in a unique position that in addition to offering HOPWA assistance, HOME is able to offer a variety of housing services to persons living with AIDS including:

- Housing information and referrals
- Rental counseling-including landlord/tenant dispute resolution and advocacy
- Mortgage default counseling –provided as a first step for homeowners who are in default. Because homeowners are not eligible for long-term HOPWA assistance, it is essential that we attempt to resolve default issues with mainstream loss mitigation services prior to enrolling homeowners with AIDS in the HOPWA program.
- Fair housing services designed to combat discrimination

Additional information on the performance of the program and its subgrantees may be found on HOPWA tables 1 and 2 in the appendix to this report.

C. Barriers or Trends

As mentioned in previous section, the primary barrier faced by most Subgrantees is related to the challenges of working in rural communities. There is a heightened sensitivity related to confidentiality. The communities are very close-knit and neighbors know one another more intimately. This coupled with the negative stigma associated with HIV/AIDS, makes service provision in those areas very difficult. In many instances, persons living with HIV/AIDS would prefer to travel 100+ miles into an urban area for medical and other AIDS-related services verses accessing those services in their own areas. This makes identifying the target population very challenging.

Also, the declining local economy is a major barrier. Many recipients have low fixed incomes, high cost of medicines; high utility bills, high rents, and other bare necessities that cause the income to further dwindle. Competition for housing assistance of any sort remains high. There is over a three-year wait for Section 8 Housing in Henry County. In most areas, the local Section 8 program has been closed to new applications. This inhibits Subgrantees the ability to transition clients on Long-term Rental Assistance to Section 8 in a reasonable time.

Subgrantees have noted that many clients have returned, thanks to medications, to a relative healthy state of life, but remain "disabled." Subgrantees plan to coordinate with the local Health Departments and their case managers to help these clients return to at least part-time work – if not full-time.

V. Requirements for Grantees Receiving ESG Funds

The Emergency Shelter Grant program was a significant component of the state's overall effort to address a variety of needs of the homeless and for homelessness prevention as previously discussed in Part I D addressing the Continuum of Care. The primary use of the federal funds component was in support to homeless shelter providers through the Shelter Support Services program, which allocated both state and ESG funds to 72 shelter providers across the state.

Provision of Shelter

- In fiscal year 2003, the SHARE Shelter Support Grant and/or SHARE Federal Shelter Grant funded 4,821 beds. ESG assisted 2,468, or 51.19 percent of the total. Seventy-two shelter providers received assistance through ESG.

Cost of Providing Shelter & Services

- The total costs of providing shelter and supportive services to homeless individuals and families in FY 2003 was \$24,682,748 including SSG, FSG, financial support from local governments, volunteer hours, and donated goods and services.
- Overall, the SHARE Shelter Support Grant, including \$2,270,080 in Temporary Assistance to Needy Families (TANF) funds, accounted for 16.06% of the total budget for emergency shelter and transitional housing facilities. Without the TANF funds, the SSG accounted for 6.9%.
- The SHARE Federal Shelter Grant component accounted for 5.13%.
- Local governments provided 44.87% of the total while financial support from of the total budget and volunteer hours and donated goods and services provided 33.9%. Both SSG and FSG require a dollar-for-dollar match in cash, volunteer hours, or in-kind services.
- The 108 providers of emergency shelter and transitional housing estimated an extra \$15,526,503 to provide additional, expanded and/or enhanced supportive services to better address the needs of the homeless populations currently served. [Note: Five of the 108 shelter providers did not provide information related to financial support from local government, volunteer hours, the value of donated goods and services or additional services.]

The shelter providers supported in part by the ESG component addressed two key state strategies for meeting the overall priority of providing additional support and coordinated services for the state's homeless population. These included (1) continuing to provide safe and sanitary emergency shelter that meets basic needs and provides necessary supportive services and (2) increasing the availability of transitional housing facilities and services.

Additional discussion of the use of ESG funds in conjunction with other funding sources in meeting the Consolidated Plan's homeless and homelessness prevention priorities may be found in the "Continuum of Care" section beginning on page 31 of this report.

ESG requires a one-to-one match on federal funds awarded. The match is derived from DHCD's requirement that all subrecipients of ESG awards provide the necessary match by submitting a budget indicating the amount and source of the match provided. Match sources were generally local funds, state funds, United Way contributions, private donations, volunteer hours and some in kind contributions. The periodic monitoring of ESG subrecipients on a regular basis following departmental procedures ensured continued compliance with federal requirements, including match expenditures of at least \$1,273,000.

APPENDIX A: PUBLIC INPUT INTO THE ANNUAL PERFORMANCE REPORT

The Department continued its long-standing method of public input into the design of its programs and this report in FY 2003. The primary vehicles for input were regional meetings, focus groups, and Advisory Committees. In addition, public notice and comment are incorporated into the Consolidated Plan design and this Annual Performance Report process.

The Department initiated a 15-day public comment period for the Annual Performance Report that concluded in late September. During this time, copies of the Report were available to the public upon request. Notices of the availability of this Report and the CDBG PER for public comment were published in the *Bristol Herald-Courier*, *Roanoke Times and World News*, *Norfolk Virginian Pilot*, the *Richmond Times-Dispatch*, and the *Potomac News*.

APPENDIX B: SUMMARY OF CITIZEN COMMENTS

The Department received no substantive comments on the contents of the draft CAPER during the advertised comment period.

APPENDIX C: HOPWA PERFORMANCE SUMMARY

Name of HOPWA Grantee: Commonwealth of Virginia

Report Covers the Period: 7/01/2002 to 6/30/2003

Performance Chart 1—Actual Performance. Types of Housing Units Dedicated to Persons with HIV/AIDS that were Supported during the Operating Year

Type of Unit:	Number of Units with HOPWA funds	Amount of HOPWA Funds	Number of Units with Sub-grantee and other funds*	Amount of Sub-grantee and other funds*	Deductions for units reported in more than one column	TOTAL by type of unit
1. Rental Assistance	74	\$90,280.00	0	0	0	74
2. Short-term/emergency housing payments	75	66,776.00	0	0	0	75
3-a. Units in facilities supported with operating costs	1	3,738.92	0	0	0	1
3-b. Units in facilities that were developed with capital costs and opened and served clients	0	0	0	0	0	0
3-c. Units in facilities being developed with capital costs but not yet opened.	0	0	0	0	0	0
Subtotal	150	\$160,794.92	0	0	0	150
Deduction for units reported in more than one category	0	0	0	0	0	0
TOTAL	150	\$160,794.92	0	0	0	150

* Sponsors identified no other source of funding for housing assistance this reporting period.

Name of HOPWA Grantee: Commonwealth of Virginia

Report Covers the Period: 7/01/2002 to 6/30/2003

Performance Chart 2 – Comparison to Planned Actions, as approved in the Action Plan/Consolidated Plan for this Operating Year (Estimated Number of Units)

Type of Unit:	Estimated Number of Units by type in the approved Consolidated Plan/Action Plan for this Operating Year*	Comment, on comparison with actual accomplishments (or attach)
1. Rental Assistance	0	Sponsors administered rental assistance for 74 units within the areas covered by the State Plan.
2. Short-term/emergency housing payments	0	Sponsors made short-term/emergency housing payments for 75 eligible households within the areas covered by the State Plan.
3-a. Units in facilities supported with operating costs	0	Sponsors also supported 1 unit in facilities with operating costs within the areas covered by the State Plan.
3-b. Units in facilities that were developed with capital costs and opened and served clients	0	N/A
3-c. Units in facilities being developed with capital costs but not yet opened.	0	N/A
Subtotal	0	Altogether 150 units received some form of assistance.
Deduction for units reported in more than one category	0	No units received financial support for multiple HOPWA-related activities.
TOTAL	0	Although there were no specific target numbers for the various categories of assistance, the results fell within the general expectations for the program. The unduplicated count indicates a decrease in the proportion of units receiving rental assistance as compared with the previous reporting period. Although long-term assistance shows no change, short-term assistance has decreased. In addition, only one unit was supported with operating costs, a decrease of 2 units from the previous reporting period.

*Because the State is not administering program benefits directly to eligible individuals or households, the State Consolidated Plan did not establish a predetermined estimate of the number of units to be served by project sponsors within the individual categories. Project

sponsors within the various service areas in the balance of state present their proposals for the project year and are selected on the basis of their proposed program.

APPENDIX D

Emergency Shelter Grant Program Information

- 1. Federal Fiscal Year 2002 Emergency Shelter Grants Program Award**
- 2. Federal Fiscal year 2002 Beds by Type of Funding and Type of Facility**

**Federal Fiscal Year 2002 Emergency
Shelter Grants Program Awards**

Project Sponsor	Location	Number of beds funded	Award for Operations	Award for Administration	Total Award (Operations and Administration)
Action in Community Through Service of Prince William, Inc.	Dumfries	54	\$27,853		\$27,853
Alexandria Office on Women	Alexandria	14	\$7,221	\$361	\$7,582
Alive, Inc.	Alexandria	14	\$7,221		\$7,221
Arlington-Alexandria Coalition for the Homeless, Inc.	Arlington	50	\$25,790		\$25,790
Bedford Department of Social Services	Bedford	8	\$4,126		\$4,126
Cares, Inc.	Petersburg	20	\$10,316		\$10,316
Carpenter's Shelter	Alexandria	119	\$61,380		\$61,380
Catholic Charities, Christ House	Alexandria	18	\$9,284		\$9,284
Citizens Against Family Violence, Inc.	Martinsville	31	\$15,990		\$15,990
City of Alexandria DHS/OCS	Alexandria	65	\$33,527	\$1,676	\$35,204
Clinch Valley Community Action	Tazewell	12	\$6,190		\$6,190
Community Lodgings	Alexandria	46	\$23,727		\$23,727
Community Resource Network of Chesapeake, Inc.	Chesapeake	10	\$5,158		\$5,158
Council on Domestic Violence for Page County	Luray	18	\$9,284		\$9,284
Crossroads Shelter, Inc.	Wytheville	24	\$12,379		\$12,379
Culpeper Community Development Corporation	Culpeper	20	\$10,316		\$10,316
DOVES, Inc.	Danville	16	\$8,253		\$8,253
Eastern Shore Coalition Against Domestic Violence	Onancock	16	\$8,253		\$8,253
Family Crisis Support Services, Inc.	Norton	45	\$23,211		\$23,211
Family Resource Center	Wytheville	20	\$10,316		\$10,316
Fauquier Family Shelter Services, Inc.	Warrenton	92	\$47,454		\$47,454
First Step: A Response to Domestic Violence, Inc.	Harrisonburg	16	\$8,253		\$8,253

**Federal Fiscal Year 2002 Emergency
Shelter Grants Program Awards**

Project Sponsor	Location	Number of	Award for	Award for	Total Award (Operations and Administration)
		beds funded	Operations	Administration	
Franklin County Family Resource Center	Rocky Mount	34	\$17,537	\$877	\$18,414
Genvieve Shelter	Suffolk	17	\$8,769		\$8,769
Greater Orange Community Development Corporation, Inc.	Orange	65	\$33,527		\$33,527
Hampton Ecumenical Lodgings and Provisions, Inc.	Hampton	77	\$39,717		\$39,717
Hanover Domestic Violence Task Force	Hanover County	6	\$3,095		\$3,095
The Haven Shelter and Services, Inc.	Warsaw	16	\$8,253		\$8,253
Hope House of Scott County, Inc.	Gate City	22	\$11,348		\$11,348
Hostel of the Good Shepherd	Galax	20	\$10,316		\$10,316
Laurel Shelter, Inc.	Gloucester	19	\$9,800		\$9,800
Loudoun Abused Women's Shelter	Leesburg	15	\$7,737		\$7,737
Loudoun County Office of Housing Services	Loudoun County	24	\$12,379	\$619	\$12,998
Lynchburg Community Action Group, Inc.	Lynchburg	28	\$14,442		\$14,442
Lynchburg Daily Bread	Lynchburg	15	\$7,737		\$7,737
Mercy House, Inc.	Harrisonburg	54	\$27,853		\$27,853
Monticello Area Community Action Agency	Charlottesville	15	\$7,737		\$7,737
New Directions Center, Inc.	Staunton	16	\$8,253		\$8,253
New River Family Shelter	Blacksburg	26	\$13,411		\$13,411
New River Family Shelter	Christiansburg				
Northern Virginia Family Service	Falls Church	36	\$18,569		\$18,569
On Our Own, Charlottesville, VA, Inc.	Charlottesville	18	\$9,284		\$9,284
People Incorporated of Southwest Virginia	Abingdon	92	\$47,454		\$47,454
People Incorporated of Southwest Virginia	Bristol				

**Federal Fiscal Year 2002 Emergency
Shelter Grants Program Awards**

Project Sponsor	Location	Number of beds funded	Award for Operations	Award for Administration	Total Award (Operations and Administration)
People Incorporated of Southwest Virginia	Grundy				
Prince William County Department of Social Services	Prince William County	14	\$7,221	\$361	\$7,582
Prince William County Office of Housing and Community Development	Woodbridge	35	\$18,053	\$903	\$18,956
Project Horizon, Inc.	Lexington	16	\$8,253		\$8,253
Rappahannock Council on Domestic Violence	Fredericksburg	23	\$11,863		\$11,863
Rappahannock Refuge, Inc./Hope House	Fredericksburg	19	\$9,800		\$9,800
Region Ten Community Services Board	Charlottesville	20	\$10,316		\$10,316
Response, Inc.	Woodstock	28	\$14,442		\$14,442
Safehome Systems, Inc.	Covington	28	\$14,442		\$14,442
Salvation Army of Charlottesville	Charlottesville	101	\$52,096		\$52,096
Salvation Army of Harrisonburg	Harrisonburg	72	\$37,138		\$37,138
Salvation Army of Lynchburg	Lynchburg	22	\$11,348		\$11,348
Salvation Army of Petersburg	Petersburg	32	\$16,506		\$16,506
Salvation Army of Williamsburg	Williamsburg	25	\$12,895		\$12,895
Salvation Army of Winchester	Winchester	48	\$24,759		\$24,759
Serve, Inc.	Manassas	76	\$39,201		\$39,201
Services to Abused Families, Inc.	Culpeper	27	\$13,927		\$13,927
Shelter for Abused Women	Winchester	17	\$8,769		\$8,769
Shelter for Help in Emergency	Charlottesville	20	\$10,316		\$10,316
Shenandoah Alliance for Shelter	Woodstock	22	\$11,348		\$11,348
Shenandoah County Department of Social Services	Shenandoah County	22	\$11,348	\$567	\$11,915

**Federal Fiscal Year 2002 Emergency
Shelter Grants Program Awards**

Project Sponsor	Location	Number of beds funded	Award for Operations	Award for Administration	Total Award (Operations and Administration)
Southside Center for Violence Prevention	Farmville	33	\$17,021		\$17,021
St. Joseph's Villa	Henrico County	85	\$43,843		\$43,843
Suffolk Shelter for the Homeless	Suffolk	36	\$18,569		\$18,569
Thurman Brisben Homeless Shelter, Inc.	Fredericksburg	80	\$41,264		\$41,264
Transitions Family Violence Services	Hampton	29	\$14,958		\$14,958
Volunteers of America Chesapeake, Hilda Barg Homeless Prevention Center	Woodbridge	30	\$15,474		\$15,474
Volunteers of America Chesapeake, Loudoun Transitional Program	Loudoun County				
Warren County Council on Domestic Violence	Front Royal	41	\$21,148		\$21,148
Women's Resource Center of the New River Valley	Radford	54	\$27,853		\$27,853
YWCA of Central Virginia	Lynchburg	50	\$25,790		\$25,790
YWCA of Richmond	Richmond	20	\$10,316		\$10,316
Total		2,468	\$1,273,000	\$5,364	\$1,278,364

**Federal Fiscal Year 2002 Beds by
Type of Funding and Type of
Facility**

		Number of beds by Funding Source		Number of beds by type of facility				
Project Sponsor	Location(s)	SSG	ESG	Emergency Shelter	Transitional Housing	Winter Shelter	Day Shelter	Domestic Violence Emergency Shelter
Action in Community Through Service of Prince William, Inc.	Dumfries	54	54	15	24			15
Agape House	Manassas	14			14			
Alexandria Office on Women	Alexandria	14	14					14
Alive, Inc.	Alexandria	14	14	14				
The Arlington Community Temporary Shelter, Inc.	Arlington	16		16	24			11
Arlington County	Arlington	17				40		
Arlington-Alexandria Coalition for the Homeless, Inc.	Arlington	235	50	50	240			
Avalon: A Center for Women and Children	Williamsburg	46						
Bedford Department of Social Services	Bedford	8	8					8
Cares, Inc.	Petersburg	20	20	20				
CARITAS	Richmond	211		28		153		
Carpenter's Shelter	Alexandria	103	119	80	16	50		
Catholic Charities, Christ House	Alexandria	18	18	18				
Christian Relief Services	Fairfax City, Fairfax County, Chantilly, Alexandria, Reston and Centerville	31			132			
Citizens Against Family Violence, Inc.	Martinsville	30	31		31			
City of Alexandria DHS/OCS	Alexandria	65	65	65				
Clinch Valley Community Action	Tazewell	12	12		4			8
Community Lodgings	Alexandria	45	46		46			
Community Resource Network of Chesapeake, Inc.	Chesapeake	10	10	10				

**Federal Fiscal Year 2002 Beds by
Type of Funding and Type of
Facility**

		Number of beds by Funding Source		Number of beds by type of facility				
Project Sponsor	Location(s)	SSG	ESG	Emergency Shelter	Transitional Housing	Winter Shelter	Day Shelter	Domestic Violence Emergency Shelter
Council on Domestic Violence for Page County	Luray	18	18	18				
Crossroads Shelter, Inc.	Wytheville	24	24	24				
Culpeper Community Development Corporation	Culpeper	20	20	10	10			
DOVES, Inc.	Danville	16	16					16
Eastern Shore Coalition Against Domestic Violence	Onancock	16	16					16
Ecumenical Family Shelter, Inc. A.K.A. The Dwelling Place	Norfolk	61		61				
ESI Connections	Richmond	149		54	106			
F.O.R. kids, Inc.	Norfolk	74		38	36			
Fairfax County Department of Family Services	Reston, Falls Church, Bailey's Crossroads, Ft. Belvoir, and Fairfax County	272						
Family Crisis Support Services, Inc.	Norton	45	45	28				17
Family Resource Center	Wytheville	20	20					20
Fauquier Family Shelter Services, Inc.	Warrenton	92	92	26	66			
First Step: A Response to Domestic Violence, Inc.	Harrisonburg	16	16	16				
Franklin County Family Resource Center	Rocky Mount	34	34	34				
Freedom House	Richmond	40			50			
Friends of Guest House, Inc.	Alexandria	9			9			
Friends of the Homeless	Newport News	50		50				
Genvieve Shelter	Suffolk	17	17					17
Greater Orange Community Development Corporation, Inc.	Orange	65	65	47	18			
Hampton Ecumenical Lodgings and Provisions, Inc.	Hampton	77	77	25	22	60	6	

**Federal Fiscal Year 2002 Beds by
Type of Funding and Type of
Facility**

		Number of beds by Funding Source		Number of beds by type of facility				
Project Sponsor	Location(s)	SSG	ESG	Emergency Shelter	Transitional Housing	Winter Shelter	Day Shelter	Domestic Violence Emergency Shelter
Hampton-Newport News Community Services Board	Newport News	8		8				
Hanover Domestic Violence Task Force	Hanover County	6	6					6
The Haven Shelter and Services, Inc.	Warsaw	16	16					16
Help and Emergency Response	Portsmouth	42		42				
Hilliard House	Henrico County	30			30			
Homestretch, Inc.	Falls Church, Vienna, Fairfax County, Annandale, and Springfield	185			185			
Hope House of Scott County, Inc.	Gate City	22	22	22				
Hostel of the Good Shepherd	Galax	20	20	20				
Judeo-Christian Outreach Center	Virginia Beach	50		50				
Laurel Shelter, Inc.	Gloucester	18	19					19
LINK (Living Interfaith Network), Inc.	Newport News	28		28				
Loudoun Abused Women's Shelter	Leesburg	15	15					15
Loudoun County Office of Housing Services	Loudoun County	24	24	24				
Lynchburg Community Action Group, Inc.	Lynchburg	28	28	28	28			
Lynchburg Daily Bread	Lynchburg		15				30	
Mercy House, Inc.	Harrisonburg	54	54		54			
Miriam's House, Inc.	Lynchburg	31			31			
Monticello Area Community Action Agency	Charlottesville	15	15		15			
Mother Seton House	Virginia Beach	22			22			
New Directions Center, Inc.	Staunton	16	16					16
New Hope Housing, Inc.	Fairfax County	51			16			

**Federal Fiscal Year 2002 Beds by
Type of Funding and Type of
Facility**

		Number of beds by Funding Source		Number of beds by type of facility				
Project Sponsor	Location(s)	SSG	ESG	Emergency Shelter	Transitional Housing	Winter Shelter	Day Shelter	Domestic Violence Emergency Shelter
New River Family Shelter	Blacksburg and Christiansburg	26	26	26				
Northern Virginia Family Service	Falls Church	36	36		36			
On Our Own, Charlottesville, VA, Inc.	Charlottesville	3	18		3		30	
People Incorporated of Southwest Virginia	Abingdon, Bristol, and Grundy	92	92		60			32
Portsmouth Area Resources Coalition	Portsmouth	62		30	32			
Prince William County Department of Social Services	Prince William County	14	14			32		
Prince William County Office of Housing and Community Development	Woodbridge	35	35		35			
Project Horizon, Inc.	Lexington	16	16	16				
Rappahannock Council on Domestic Violence	Fredericksburg	23	23					23
Rappahannock Refuge, Inc./Hope House	Fredericksburg	26	19		26			
Region Ten Community Services Board	Charlottesville	20	20		20			
Response, Inc.	Woodstock	28	28					28
Safehome Systems, Inc.	Covington	28	28	28				
Salvation Army of Alexandria	Alexandria	18			18			
Salvation Army of Charlottesville	Charlottesville	101	101	58	43			
Salvation Army of Harrisonburg	Harrisonburg	72	72	72				
Salvation Army of Lynchburg	Lynchburg	22	22	15	7			
Salvation Army of Norfolk	Norfolk	57		18	39			
Salvation Army of Petersburg	Petersburg	35	32	32				
Salvation Army of Richmond	Richmond	55		55				
Salvation Army of Roanoke	Roanoke	130		65				65

**Federal Fiscal Year 2002 Beds by
Type of Funding and Type of
Facility**

		Number of beds by Funding Source		Number of beds by type of facility				
Project Sponsor	Location(s)	SSG	ESG	Emergency Shelter	Transitional Housing	Winter Shelter	Day Shelter	Domestic Violence Emergency Shelter
Salvation Army of Williamsburg	Williamsburg	24	25		25			
Salvation Army of Winchester	Winchester	48	48	24	24			
Salvation Army Peninsula Command	Newport News	55		55				
Samaritan House, Inc.	Virginia Beach	102			40			72
Serve, Inc.	Manassas	76	76	56	20			
Services to Abused Families, Inc.	Culpeper	27	27		12			15
Shelter for Abused Women	Winchester	17	17	17				
Shelter for Help in Emergency	Charlottesville	25	20					20
Shenandoah Alliance for Shelter	Woodstock	22	22		22			
Shenandoah County Department of Social Services	Shenandoah County	18	22	22				
Southside Center for Violence Prevention	Farmville	33	33					33
St. Joseph's Villa	Henrico County	85	85		85			
Suffolk Shelter for the Homeless	Suffolk	36	36	36				
Thurman Brisben Homeless Shelter, Inc.	Fredericksburg	80	80	80				
Total Action Against Poverty	Roanoke	65			65			
Transitional Housing Barn, Inc	Alexandria	36			36			
Transitions Family Violence Services	Hampton	90	29	29	39			41
Trust - Roanoke Valley Trouble Center	Roanoke	34		34				
Volunteers of America Chesapeake, Arlington	Arlington	54		54				
Volunteers of America Chesapeake, Hilda Barg Homeless Prevention Center	Woodbridge	30	30	30				
Volunteers of America Chesapeake, Loudoun Transitional Program	Loudoun County	60			60			
Volunteers of America Chesapeake, Virginia Beach	Virginia Beach	40						

**Federal Fiscal Year 2002 Beds by
Type of Funding and Type of
Facility**

		Number of beds by Funding Source		Number of beds by type of facility				
Project Sponsor	Location(s)	SSG	ESG	Emergency Shelter	Transitional Housing	Winter Shelter	Day Shelter	Domestic Violence Emergency Shelter
Warren County Council on Domestic Violence	Front Royal	41	41					41
Women's Resource Center of the New River Valley	Radford	54	54	26	28			
YWCA of Central Virginia	Lynchburg	50	50		18			32
YWCA of Richmond	Richmond and Chesterfield	38	20					38
YWCA of South Hampton Roads	Norfolk	43		43				
YWCA of the Roanoke Valley	Roanoke	33			33			
Total		4,974	2,468	1,890	2,055	335	66	654

APPENDIX E

**Annual HOME Performance Report—Form HUD-40107
(Minority Business Enterprises and Women Business
Enterprises) and supporting documentation. [See Page 87]**

APPENDIX F

HOME Match Report [See Page 89]